



LIVERPOOL PLAINS
SHIRE COUNCIL

FINANCIAL STATEMENTS 2011—2012

Liverpool Plains Shire Council

60 Station Street

Quirindi NSW 2343



LIVERPOOL PLAINS SHIRE COUNCIL

General Purpose Financial Reports for the year ended 30th June 2012

TABLE OF CONTENTS

	<u>Page</u>
Council Certificate [s 413 (2)(c)]	1
Principal Financial Statements	
Income Statement	2
Statement of Comprehensive Income	3
Balance Sheet	4
Statement of Changes in Equity	5
Cash Flow Statement	6
Notes to, and forming part of, the Principal Financial Statements	
Note 1 - Significant Accounting Policies	N1
Note 2 - Functions	N7
Note 3 - Income	N9
Note 4 - Expenses	N13
Note 5 - Gain or Loss on Disposal of Assets	N15
Note 6 - Cash and Investment Securities	N16
Note 7 - Receivables	N18
Note 8 - Inventories & Other Assets	N19
Note 9 - Infrastructure, Property, Plant & Equipment	N20
Note 10 - Liabilities	N25
Note 11 - Reconciliation to Statement of Cash Flows	N27
Note 12 - Commitments for Expenditure	N29
Note 13 - Statement of Performance Measures	N31
Note 14 - Investment Property	N32
Note 15 - Financial Risk Management	N33
Note 16 - Material Budget Variations	N35
Note 17 - Statement of Developer Contributions	N37
Note 18 - Contingencies & Assets & Liabilities not Recognised	N39
Note 19 - Interests in Joint Ventures & Associates	N41
Note 20 - Revaluation Reserves & Retained Earnings	N48
Note 21 - Results by Fund	
Note 22 - Reinstatement, rehabilitation & restoration liabilities	
Auditors Report on the Financial Statements [s 417 (2)]	
Auditors Report on the Conduct of the Audit [s 417 (3)]	

LIVERPOOL PLAINS SHIRE COUNCIL

General Purpose Financial Reports for the year ended 30th June 2012

Statement by Councillors and Management made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

The attached General Purpose Financial Report has been prepared in accordance with:


- The Local Government Act 1993 (as amended) and the Regulations made thereunder.
- The Australian Accounting Standards and professional pronouncements.
- The Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, this report:

- presents fairly the operating result and financial position for the year;
- accords with Council's accounting and other records.

We are not aware of any matter that would render the reports false or misleading in any way.

Signed in accordance with a resolution of Council made on 24th October 2012.



Ian R Lobsey OAM
Mayor



Colin W Stewart
Deputy Mayor



Robert C Hunt
General Manager



Michael J Urquhart
Responsible Accounting Officer

LIVERPOOL PLAINS SHIRE COUNCIL

INCOME STATEMENT for the year ended 30th June 2012

Budget 2012 \$'000		Notes	Actual 2012 \$'000	Actual 2011 \$'000
	INCOME			
	<i>Revenue:</i>			
8560	Rates & Annual Charges	3	8760	8401
3471	User Charges & Fees	3	3633	3840
766	Investment Revenues	3	871	661
781	Other Revenues	3	751	437
5832	Grants & Contributions - Operating	3	5546	6470
6201	Grants & Contributions - Capital	3	3962	5470
	<i>Other Income:</i>			
0	Profit from Disposal of Assets	5	122	91
25611	Total Income from Continuing Operations		23645	25370
	EXPENSES			
7950	Employee Benefits and oncosts	4	8008	7714
8230	Materials & Contracts	4	6251	7087
425	Borrowing Costs	4	203	211
5241	Depreciation & Amortisation	4	8329	10585
1748	Other Expenses	4	1540	1993
23594	Total expenses from continuing operations		24331	27590
2017	OPERATING RESULT FROM CONTINUING OPERATIONS		-686	-2220
2017	NET OPERATING RESULT FOR YEAR		-686	-2220
	Attributable to:			
2017	LIVERPOOL PLAINS SHIRE COUNCIL		-686	-2220
2017			-686	-2220
-4184	Net operating result before capital grants and contributions		-4648	-7690

This Statement is to be read in conjunction with the attached Notes.

LIVERPOOL PLAINS SHIRE COUNCIL
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30th June 2012

	Notes	2012 \$'000	2011 \$'000
Net operating result for year			
from Income Statement		(686)	(2,220)
Other comprehensive income			
Revaluation of infrastructure, property, plant & equipment		22,949	2,630
Correction of errors in previous years		774	-
Total other comprehensive income		<u>23,723</u>	<u>2,630</u>
TOTAL COMPREHENSIVE INCOME		<u>23,037</u>	<u>410</u>
Attributable to:			
LIVERPOOL PLAINS SHIRE COUNCIL		23,037	410
Minority Interests	19	\$ <u>23,037</u>	\$ <u>410</u>

This Statement is to be read in conjunction with the attached Notes.

LIVERPOOL PLAINS SHIRE COUNCIL

BALANCE SHEET as at 30th June 2012

	<u>Notes</u>	2012 \$'000	2011 \$'000
CURRENT ASSETS			
Cash & cash equivalents	6	3,311	5,223
Investments	6	7,000	5,750
Receivables	7	3,788	3,753
Inventories	8	1,084	574
Other	8	30	-
Non-current assets held for sale	22		
TOTAL CURRENT ASSETS		<u>15,213</u>	<u>15,300</u>
NON-CURRENT ASSETS			
Investments	6	4,500	1,000
Receivables	7	-	56
Inventories	8	-	800
Infrastructure, Property, Plant & Equipment	9	528,437	507,017
TOTAL NON-CURRENT ASSETS		<u>532,937</u>	<u>508,873</u>
TOTAL ASSETS		<u>548,150</u>	<u>524,173</u>
CURRENT LIABILITIES			
Payables	10	875	1,319
Borrowings	10	276	284
Provisions	10	2,399	1,933
TOTAL CURRENT LIABILITIES		<u>3,550</u>	<u>3,536</u>
NON-CURRENT LIABILITIES			
Borrowings	10	3,287	1,561
Provisions	10	1,419	2,219
TOTAL NON CURRENT LIABILITIES		<u>4,706</u>	<u>3,780</u>
TOTAL LIABILITIES		<u>8,256</u>	<u>7,316</u>
NET ASSETS		<u>\$ 539,894</u>	<u>516,857</u>
EQUITY			
Accumulated Surplus	20	203,988	204,674
Revaluation Reserves	20	335,906	312,183
Council Equity Interest		<u>539,894</u>	<u>516,857</u>
Minority Equity Interest	19	-	-
TOTAL EQUITY		<u>\$ 539,894</u>	<u>516,857</u>

This Statement is to be read in conjunction with the attached Notes

LIVERPOOL PLAINS SHIRE COUNCIL

STATEMENT OF CHANGES IN EQUITY for the year ended 30th June 2012

2012

	Retained Earnings	Asset Reval. Reserve	Other Reserves	Council Equity Interest	Minority Interest	Total
	Note \$'000					
Balance at end of previous reporting period	204,674	312,183	-	516,857	-	516,857
Restated opening balance	204,674	312,183	-	516,857	-	516,857
Net Operating Result for the year	(686)			(686)	-	(686)
Other comprehensive Income						
Revaluation of infrastructure, property, plant & equipment	20	22,949		22,949	-	22,949
Correction of errors in previous years	-	774		774	-	774
Total other comprehensive income	-	23,723	-	23,723	-	23,723
Balance at end of the reporting period	203,988	335,906	-	539,894	-	539,894

2011

	Retained Earnings	Asset Reval. Reserve	Other Reserves	Council Equity Interest	Minority Interest	Total
	Note \$'000					
Balance at end of previous reporting period	206,894	309,553		516,447		516,447
Restated opening balance	206,894	309,553	-	516,447	-	516,447
Net Operating Result for the year	(2,220)	-		(2,220)	-	(2,220)
Other comprehensive Income						
Revaluation of infrastructure, property, plant & equipment	20	2,630		2,630	-	2,630
Total other comprehensive income	-	2,630	-	2,630	-	2,630
Balance at end of the reporting period	204,674	312,183	-	516,857	-	516,857

This Statement is to be read in conjunction with the attached Notes

LIVERPOOL PLAINS SHIRE COUNCIL

CASH FLOW STATEMENT for the year ended 30th June 2012

Budget 2012 \$'000			Actual 2012 \$'000	Actual 2011 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES <small>Notes</small>				
	<u>Receipts</u>			
8213	Rates & Annual Charges		8873	8193
3434	User Charges & Fees		4097	3425
540	Investment Income		603	537
13065	Grants & Contributions		12014	13066
598	Other operating receipts		653	597
	<u>Payments</u>			
-7750	Employee Benefits and oncosts		-7541	-7543
-7708	Materials & Contracts		-7528	-7520
-425	Borrowing Costs		-124	-142
-1338	Other operating payments		-3763	-2646
8629	Net Cash provided by (or used in) Operating Activities	11	7284	7967
CASH FLOWS FROM INVESTING ACTIVITIES				
	<u>Receipts</u>			
1102	Proceeds from sale of Infrastructure, Property, Plant & Equipment		375	712
200	Proceeds from sale of Real Estate		382	37
0	Repayments from Deferred Debtors		21	21
	<u>Payments</u>			
-15311	Purchase of Infrastructure, Property, Plant & Equipment		-6931	-6745
0	Purchase of Real Estate		1	280
2750	Purchase of Investment Securities		-4750	1000
-11259	Net Cash provided by (or used in) Investing Activities		-10902	-4695
CASH FLOWS FROM FINANCING ACTIVITIES				
	<u>Receipts</u>			
1450	Proceeds from Borrowings & Advances		2000	1100
	<u>Payments</u>			
-348	Repayments of Borrowings & Advances		-294	-282
1102	Net Cash provided by (or used in) Financing Activities		1706	818
-1528	Net Increase (Decrease) in cash held		-1912	4090
5223	Cash Assets at beginning of reporting period	11	5223	1133
0	Change in associated entities recognised	1	0	0
3695	Cash Assets at end of reporting period	11	3311	5223

This Statement is to be read in conjunction with the attached Notes

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Local Government Reporting Entity

Liverpool Plains Shire Council is incorporated under the NSW Local Government Act 1993 (as amended) and has its principal place of business at 60 Station Street, Quirindi. These financial statements include the consolidated fund and other entities through which the Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

Compliance with Australian equivalents to International Financial Reporting Standards (IFRS)

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, the NSW Local Government Act 1993 and regulations thereunder and the Local Government Code of Accounting Practice and Financial Reporting.

Accordingly in preparing this Financial Report and Accompanying Notes, Council has been unable to comply fully with International Accounting Standards, but it has complied fully with Australian Accounting Standards. Under the Local Government Act, Regulations and Local Government Code of Accounting Practice and Financial Reporting, it should be noted that Councils in NSW only have a requirement to comply with Australian Accounting Standards.

Historical cost convention

The financial report has been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

Financial statement presentation

The Council has applied the revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the Council had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Revenue Recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is measured on major income categories as follows:

Rates, annual charges, grants and contributions

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenues when the Council obtains control over the assets comprising these receipts. Developer contributions may only be expended for the purposes for which the contributions were required but the Council may apply contributions according to the priorities established in work schedules.

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

A provision for doubtful debts on rates established on unpaid rates represent a difference between the rateable property value and what is expected to be recovered when the property is next sold.

Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and is valued at their fair value at the date of transfer.

Income is recognised when the Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Council and the amount of the contribution can be measured reliably.

Where grants, contributions and donations recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant, contribution and donation in these notes as restricted assets. Also disclosed is the amount of unused grant, contribution and donations from prior years that was expended on Council's operations for the current reporting period.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at balance date.

User charges and fees

User charges and fees (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Revenue Recognition (cont'd)

User charges and fees (cont'd)

A provision for doubtful debt is recognised when collection in full is no longer probable.

Sale of plant, property, infrastructure and equipment

The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

Interest and rents

Interest and rents are recognised as revenue on a proportional basis when payment is due, the value of the payment is notified, or the payment is received, whichever first occurs.

(c) Principles of Consolidation

(i) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the LGA 1993, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund. The consolidated fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

The following entities have been included as part of the Consolidated Fund:

- General Purpose Operations
- Quirindi Water Fund
- Werris Creek Water Fund
- Village Water Funds
- Quirindi Sewerage Fund
- Werris Creek Sewerage Fund
- Blackville Hall Committee
- Currabubula Hall & Reserve Committee
- Warrah Creek Hall Committee
- Werris Creek Sporting Complex Committee
- Wallabadah Hall Committee
- Werris Creek Festival Committee
- Werris Creek Railway Institute Committee

The net assets held by Committees is as follows:

Total net assets (Equity) held	\$65,645
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Note: Where actual figures are not known, best estimates have been applied

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(c) Principles of consolidation (cont'd)

(ii) The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (as amended), a separate and distinct Trust Fund is maintained to account for all monies and property received by the Council in trust which must be applied only for the purposes of or in accordance with the trusts relating to these monies. Trust monies and property subject to Council's control have been included in these reports.

Trust monies and property held by Council but subject to the control of other persons have been excluded from these reports. A separate statement of moneys held in the Trust Fund is available for inspection at the Council Office by any person free of charge.

(iii) Joint venture entities

Council is a partner in a regional library service - Central Northern Regional Library (CNRL) with four (4) other Councils. CNRL operates under a deed of agreement between the participating Councils for the purpose of providing library services. Council has not recognised its 9.5% CNRL joint venture interest in this financial report, however the service has advised that the total equity is \$803,401 of which Council's total equity as at the 30th June 2012 is \$76,323.

Council acknowledges that non disclosure of the assets and liabilities of CNRL is a departure from AAS128 - Investments in Associates.

vi) Additional Information

Note 19 provides more information in relation to Joint Venture Entities, Associated Entities and Joint Venture Operations where applicable.

(d) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(e) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets. Cost is measured as the fair value of the assets given, plus costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(f) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For non-cash generating assets of the Council such as roads, drains, public buildings and the like-value in use is represented by the deprival value of the asset approximately by its written down replacement cost.

(g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

(i) Inventories

(i) Raw materials and stores, work in progress and finished goods

Inventories in respect of stores have been valued by using the weighted average material costs after adjusting for any loss of service potential. Inventories have been valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Land held for resale/capitalisation of borrowing costs

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development cost.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(j) Investments and other financial assets

Council classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Council provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet. Loans and receivables are carried at amortised cost using the effective interest method.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held -to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in noncurrent assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets. Held to maturity investments are carried at amortised cost using the effective interest method.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium long term.

Purchases and sales of investments are recognised on trade-date - the date on which the Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(j) Investments and other financial assets (cont'd)

(v) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The **fair values** of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Council establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

(i) Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is **impaired**. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(ii) Policy

Council has an approved investment policy complying with Section 625 of the Local Government Act. Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the Local Government Investment Order. Council maintains an investment policy that complies with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(k) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

(l) Infrastructure, property, plant and equipment

Council's assets are being progressively revalued to fair value in accordance with a staged implementation advised by the Division of Local Government. At balance date the following classes of IPPE were stated at their fair value:

- Investment Properties,
- Water and Sewerage Networks which are carried at Fair Value (generally based upon Depreciated Replacement Cost).
- Operational Land (External Valuation)
- Buildings - Specialised/Non Specialised (External Valuation)
- Plant and Equipment (as approximated by depreciated historical cost)
- Road assets – roads, bridges and footpaths (Internal Valuation)
- Drainage assets – (Internal Valuation)
- Bulk earthworks – (Internal Valuation)
- Community Land (VG Valuation), Land Improvements, Other Structures and Other Assets – (as approximated by depreciated historical cost).

Increases in the carrying amounts arising on revaluation are credited to the assets revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss, the increase is first recognised in profit or loss. Decrease that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, all other decreases are charged to the income statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(I) Infrastructure, property, plant and equipment (cont'd)

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water Rates Reference Manual. Roads, Bridges, Footpaths and Drainage assets have been revalued within the 2009/10 Annual Financial Statements.

For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date. If any such indication exists, Council determines the asset's fair value and revalues the asset to that amount. Full revaluations are undertaken for all assets on a 5 year cycle.

Until these designated future reporting periods, the above remaining asset classes are stated at cost (or deemed cost) less accumulated depreciation and any accumulated impairment losses.

Depreciation

Land is not depreciated.

The fair values of water and sewer assets have been calculated using a depreciated method that reflects the pattern in which the asset's future economic benefits are expected to be consumed. For each class of water and sewer asset a prediction model (depreciation curve) was derived to best indicate how the asset was consumed over its useful life. Generally, each class of asset has an expected life and the way this asset decays throughout its lifecycle has been used to provide an estimate of its depreciation or its current depreciated value.

The depreciation curves for each asset class have been modified to better reflect the asset's economic life and assist with the identification of times when real replacement/ augmentation options are likely to ensue. Assets, in providing their function to the community, would not be fully consumed, but rather be augmented or replaced at some economic point in time to maintain a level of service that meets Liverpool Plains Shire Council's charter.

The prediction models are based on the straight line method and provide a more accurate approach to calculate the fair value.

Some asset classes do include components that may have very different lifecycles. For example, pumping stations have civil components that may last up to 70 years while their mechanical and electrical counterparts may have a shorter life of 20 years. Parts of these asset classes have been depreciated at different rates to best reflect their fair value.

Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Major asset depreciation periods and capitalisation thresholds are shown in the table below.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(I) Infrastructure, property, plant and equipment (cont'd)

Plant & Equipment, Office Equipment, Furniture & Fittings, Leased Plant & Equipment	Depreciation Period	Capitalisation Threshold
<i>Office Equipment</i>	5 to 10 years	1,000
<i>Office Furniture</i>	10 to 20 years	1,000
<i>Computer Equipment</i>	3 to 5 years	1,000
<i>Vehicles & Road-Making Equipment</i>	5 to 8 years	1,000
<i>Other Plant & Equipment</i>	5 to 15 years	1,000
Buildings	Depreciation Period	Capitalisation Threshold
<i>Buildings - Masonry</i>	50 to 100 years	10,000
<i>Buildings - Other Construction</i>	20 to 40 years	10,000
Land Improvements, Other Structures & Infrastructure	Depreciation Period	Capitalisation Threshold
<i>Park Structures - Masonry</i>	50 to 100 years	1,000
<i>Park Structures - Other Construction</i>	20 to 40 years	1,000
<i>Playground Equipment</i>	5 to 15 years	1,000
<i>Benches, Seats, etc</i>	10 to 20 years	1,000
Water, Sewer and Stormwater Drainage Infrastructure	Depreciation Period	Capitalisation Threshold
<i>Dams & Reservoirs</i>	80 to 100 years	1,000
<i>Bores</i>	20 to 40 years	1,000
<i>Reticulation Pipes - PVC</i>	70 to 80 years	1,000
<i>Reticulation Pipes - Other</i>	25 to 100 years	1,000
<i>Culverts</i>	50 to 80 years	1,000
<i>Pumps & Telemetry</i>	15 to 20 years	1,000
Transportation Assets	Depreciation Period	Capitalisation Threshold
<i>Sealed Roads - Surface</i>	20 to 50 years	10,000
<i>Sealed Roads - Structure</i>	30 to 60 years	10,000
<i>Unsealed Roads</i>	20 to 65 years	10,000
<i>Bridges - Concrete</i>	60 to 100 years	10,000
<i>Bulk Earthworks</i>	Infinite	

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(m) Land under roads

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with the deferral arrangements available under AASB 1051.

(n) Payables

These amounts represent liabilities for goods and services provided to the Council prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(p) Borrowing costs

Borrowing costs are expensed when incurred.

(q) Provisions

Provisions for legal claims and service warranties are recognised when: the Council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(r) Employee benefits

Liabilities for wages and salaries and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119 *Employee Benefits*. Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(r) Employee benefits (cont'd)

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognized when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

(iii) Retirement benefit obligations and Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently.

Accumulation Fund Members

The accumulation fund receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with Superannuation Guarantee Legislation (9% in 2010/2012). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Defined Benefit Members

Council makes employer contributions to the defined benefits categories of the Scheme at rates determined by the Scheme's Trustee. The rate is currently 1.9 times members' contributions plus 2.5% of gross salary (3.8 times members' contributions in 2011/12). Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Fund's Defined Benefit Plan is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(r) Employee benefits (cont'd)

Defined Benefit Members (cont'd)

The Trustees have advised that, as a result of the global financial crisis, an unrealised deficiency of assets over liabilities of some \$286 million exists at 30 June 2010 in relation to all Councils involved in the Fund. The Trustees have also required additional contributions to negate this deficiency (ie \$83,522 for 2012/2013).

(s) Construction Contracts

Construction works undertaken by Council for third parties (principally the Roads & Traffic Authority for works on national and state highways) are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. As there is no profit component, such works are treated as 100% completed. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

(t) Provisions for close down and restoration and for environmental clean up costs – Tips and Quarries

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs. Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Close down and restoration costs are a normal consequence of tip and quarry operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the income statement in each accounting period. The amortisation of the discount is shown as a borrowing cost.

Other movements in the provisions for close down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(t) Provisions for close down and restoration and for environmental clean up costs – Tips and Quarries (cont'd)

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each balance sheet date and the cost is charged to the income statement.

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the balance sheet date. These costs are charged to the income statement. Movements in the environmental clean up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost. Remediation procedures generally commence soon after the time the damage, remediation process and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results.

(u) Allocation between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(v) Pending Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting periods. NSW Council's assessment of the impact of these new standards and interpretations is set out below.

- (i) AASB 9 *Financial Instruments*, AASB 2009 11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (effective from 1 January 2013*)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013* but is available for early adoption. When adopted, the standard will affect in particular Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed.

* In December 2011, the IASB delayed the application date of IFRS 9 to 1 January 2015. The AASB is expected to make an equivalent amendment to AASB 9 shortly.

- (ii) AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, revised AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (effective 1 January 2013)

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements*, and Interpretation 12 *Consolidation – Special Purpose Entities*.

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns.

There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules. As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

(iii) *AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13* (effective 1 January 2013) AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. Council has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. Council does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

(iv) *Revised AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements* (effective 1 January 2013)

In September 2011, the AASB released a revised standard on accounting for employee benefits. It requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in profit or loss. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. The amendments will have to be implemented retrospectively. Council does not recognise defined benefit assets and liabilities for the reasons set out in note 1 (s) (iii) and so these changes will not have an impact on its reported results.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(w) Land

Land is classified as either operational or community in accordance with Part 2 of Chapter 6 of the Local Government Act (1993). This is disclosed in Note 9(a).

(x) Crown reserves

Crown reserves under Council care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated. Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating the reserves are recognised within Councils Income Statement. A working party of interested representatives from both State and Local Government is being formed to consider the accounting issues related to the crown reserves, with the intention of developing a consistent approach to their recognition and future accounting treatment across both tiers of government.

(x) Goods and Services Tax (GST)

Revenues, expenses and assets are recognized net of the amount associated GST, unless the GST incurred is not recoverable from the taxation authority. In the case it is recognized as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(y) Rural Fire Service Assets

Under section 119 of the Rural Fire Services Act 1997, all the fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the Council of the area for and on behalf of which the fire fighting equipment has been purchased or constructed. Until such time as discussions on this matter have concluded and the legislation changed, Councils will continue to account for these assets as they have been doing in previous years.

(z) Rounding of amounts

Unless otherwise indicated, amounts in the financial report have been rounded off to the nearest thousand dollars.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 2 - FUNCTIONS

	REVENUES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES						GRANTS INCLUDED IN INCOME				TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	Income from continuing operations			Expenses from continuing operations			Operating result from continuing operations		2,011 \$'000	2,012 \$'000	2,011 \$'000	2,012 \$'000
	ORIGINAL BUDGET	ACTUAL	ACTUAL	ORIGINAL BUDGET	ACTUAL	ACTUAL	ORIGINAL BUDGET	ACTUAL				
GOVERNANCE	0	0	531	358	485	-531	-358	-485	0	0	0	0
ADMINISTRATION	507	278	1,862	2,473	1,723	-1,584	-1,966	-1,406	22	13	11,009	14,521
PUBLIC ORDER & SAFETY	750	637	1,039	810	956	-402	-60	-187	614	755	3,331	3,222
HEALTH	15	0	0	55	33	0	-40	-25	0	0	927	837
ENVIRONMENT	1,465	1,436	2,781	2,104	2,839	-1,345	-639	203	84	1,927	1,398	0
COMMUNITY SERVICES & EDUCATION	906	712	858	1,013	882	-146	-107	-104	258	287	1,326	921
HOUSING & COMMUNITY AMENITIES	127	157	520	321	527	-363	-194	-155	49	78	19,678	19,109
WATER SUPPLIES	5,496	2,424	1,959	2,337	1,873	465	3,159	1,649	161	1,641	40,689	31,386
SEWERAGE SERVICES	949	1,089	956	1,075	802	133	-126	87	24	27	29,598	13,762
RECREATION & CULTURE	336	309	1,982	1,848	1,965	-1,673	-1,512	-1,561	73	135	23,405	23,367
FUEL & ENERGY	0	0	0	0	0	0	0	0	0	0	0	0
MINING, MANUFACTURING & CONSTRUCTION	831	805	701	642	667	104	189	-46	0	4	666	652
TRANSPORT & COMMUNICATION	4,709	6,858	10,267	8,641	13,930	-3,409	-3,932	-7,661	5,879	4,646	412,257	412,231
ECONOMIC AFFAIRS	207	528	875	579	908	-347	-372	-397	0	25	3,866	4,165
TOTALS - FUNCTIONS	16,298	15,233	24,331	22,256	27,590	-9,098	-5,958	-10,088	7,164	9,538	548,150	524,173
JOINT VENTURES & ASSOCIATES	0	0	0	0	0	0	0	0	0	0	0	0
GENERAL PURPOSE REVENUES	7,975	8,412				8,412	7,975	7,868	2,022	1,892	0	0
TOTALS	24,273	23,645	24,331	22,256	27,590	-686	2,017	-2,220	9,186	11,430	548,150	524,173

The above functions conform to those used by the Australian Bureau of Statistics and provide a basis for comparison with other Councils.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 2 (cont) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

Governance

Costs relating to Council's role as a component of democratic government, including elections, meetings and associated activities, area representation, and public disclosure and compliance, together with related administration costs.

Administration

Costs not otherwise attributed to functions.

Public Order & Safety

Fire protection, animal control, enforcement of local government regulations, emergency services, other.

Health

Administration and inspection, immunisations, food control, insect & vermin control, noxious plants, health centres, other.

Environment, Community Services & Education

Administration, family day care, child-care, youth services, other services to families and children, aged and disabled, migrant services, Aboriginal services, other community services, education.

Housing & Community Amenities

Housing, town planning, domestic waste management services, other waste management services, street cleaning, other sanitation and garbage, urban stormwater drainage, environmental protection, public cemeteries, public conveniences, other community amenities.

Water Supplies

Sewerage Services

Recreation & Culture

Public libraries, museums, art galleries, community centres, public halls, other cultural services, swimming pools, sporting grounds, parks and gardens, lakes, other sport and recreation.

Fuel & Energy - Gas Supplies.

Mining, Manufacturing & Construction

Building control, abattoirs, quarries and pits, other.

Transport & Communication

Roads and streets, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, works undertaken for Roads & Transport Authority, street lighting, other.

Economic Affairs

Camping areas, caravan parks, tourism and area promotion, industrial development promotion, saleyards and markets, real estate development, commercial nurseries, private works, other business undertakings.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 3 - INCOME

RATES & ANNUAL CHARGES	2012 \$'000	2011 \$'000
<u>Ordinary Rates</u>		
Residential	1442	1495
Farmland	3443	3361
Business	482	380
Mining	230	224
	<u>5597</u>	<u>5460</u>
<u>Annual Charges</u>		
Domestic Waste Management	723	627
Water Supply	1208	1105
Sewerage Services	897	752
Other Waste Management	335	457
	<u>3163</u>	<u>2941</u>
Total Rates & Annual Charges	<u>8760</u>	<u>8401</u>
 USER CHARGES & FEES		
<u>User Charges</u>		
Water Supply	881	631
Other Waste Management	80	20
	<u>961</u>	<u>651</u>
<u>Fees</u>		
Private Works	35	153
RTA Claims - State Roads	682	1457
Child Care	365	203
Planning & Building - regulatory	156	128
Cemeteries	117	129
Leaseback vehicles	78	47
Community Services	4	43
Sporting and Recreation	112	114
Corporate	43	42
Septic Tanks	4	2
Sewer Connections	0	1
Water Connections	0	10
Halls	5	14
Swimming Centre	43	47
Rent & Hire of Council Property	251	221
Quarry & Pits	757	565
Building Services	0	13
Other	20	0
	<u>2672</u>	<u>3189</u>
Total User Charges & Fees	<u>3633</u>	<u>3840</u>

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 3 - REVENUES (cont)

	2012 \$'000	2011 \$'000
INVESTMENT REVENUES		
Interest receivable		
- overdue rates & charges	103	78
- cash & investments	768	583
Gross Investment Revenues	<u>871</u>	<u>661</u>
Less: Interest deducted from		
capitalised borrowing costs	0	0
Total Investment Revenues	<u>871</u>	<u>661</u>
 OTHER REVENUES		
Theatre Sponsorship	3	5
Other fines	10	10
Insurance Discount	113	73
Insurance Claims	106	69
Commissions & Agency Fees	127	123
Legal Fees Recovery (Rates)	185	23
Miscellaneous sales	207	132
Other	0	2
Total Other Revenues	<u>751</u>	<u>437</u>

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 3 - INCOME (cont)

	Notes	OPERATING		CAPITAL	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
GRANTS					
General Purpose (Untied)					
Financial Assistance		998	1067	0	0
Individually significant item	see below	1553	756	0	0
- additional Grants Commission payment					
Pensioner Rates Subsidies (General)		62	69		
Specific Purpose					
Pensioner Rates Subsidies					
Water Supplies		30	34	0	0
Sewerage Services		24	27	0	0
Domestic Waste Management		36	41	0	0
Water Supplies		0	263	131	1344
Sewerage Services		0	49	0	0
Street Lighting		20	20	0	0
Roads & Bridges		1789	1806	3443	2840
Employment & Training Programs		22	13	0	0
Recreation, Heritage & Cultural Services		41	38	32	97
Community Care Services		258	183	0	104
Housing & Amenities		49	1014	0	550
Bushfire & Emergency Services		454	430	160	325
Noxious Plants		84	89	0	0
Economic		0	25	0	0
Total Grants & Subsidies		5420	5924	3766	5260
Comprising:					
- Commonwealth funding		2613	4819	1798	1075
- State funding		2807	1105	1968	4185
- Other funding		0	0	0	0
		5420	5924	3766	5260
Individually significant item					
On 28 June 2011 Council received payment of the first quarter instalment of the 2011/12 Grant Commission (FAG) grant. Similarly, on 28 June 2012 Council received payment of the first two instalments of the 2012/13 grant. It is not known when the timing of these grant payments will return to normal schedule, but this will materially adversely affect Council's operating results as these amounts are recognised as income upon receipt.		1553	756	0	0
CONTRIBUTIONS & DONATIONS					
Developer Contributions					
Section 94	17	0	0	29	21
Section 94A levies	17	0	0	36	51
Roads, Bridges & Other Communication		70	40	34	32
Section 64					
Water	17	0	0	72	71
Sewer	17	0	0	25	3
Community Care Services		56	246	0	0
Housing & Amenities		0	246	0	0
Bushfire & Emergency Services		0	4	0	0
Recreation & Cultural		0	3	0	32
Other		0	7	0	0
Total Contributions & Donations		126	546	196	210
TOTAL GRANTS & CONTRIBUTIONS		5546	6470	3962	5470

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 3 - INCOME (cont)

CONDITIONS OVER GRANTS & CONTRIBUTIONS

Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:

	2012 \$'000		2011 \$'000	
	<u>Grants</u>	<u>Contrib</u>	<u>Grants</u>	<u>Contrib</u>
Unexpended at the close of the previous reporting period	1586	441	1475	777
Less: expended during the current period from revenues recognised in previous reporting periods				
Other	1085	0	1413	504
Subtotal	1085	0	1413	504
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions				
Section 94/64 Developer Contributions	0	164	0	168
Roads Infrastructure	0	0	169	0
Other	1623	0	1355	0
Subtotal	1623	164	1524	168
Unexpended at the close of this reporting period and held as restricted assets	2124	605	1586	441
Net increase (decrease) in restricted assets in the current	538	164	111	-336

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 4 - EXPENSES

EMPLOYEE BENEFITS AND ONCOSTS	2012 \$'000	2011 \$'000
Salaries and Wages	6854	6659
Travelling	369	389
Employee Leave Entitlements	269	187
Superannuation - defined contribution plan contributions	484	447
Superannuation - defined benefit plan contributions	268	342
Workers' Compensation Insurance	189	327
Fringe Benefits Tax	26	19
Training Costs (excluding Salaries)	74	77
Other	0	143
Less: Capitalised and distributed costs	-525	-876
Total Operating Employee Costs	8008	7714
Total Number of Employees	124	131
<i>(Full time equivalent at end of reporting period)</i>		
BORROWING COSTS		
Interest on Loans	124	122
Unwinding of present value discounts & premiums	79	89
Gross Interest Charges	203	211
Less: Borrowing Costs capitalised	0	0
Total Interest Charges	203	211
MATERIALS & CONTRACTS		
Raw materials & consumables	5602	6618
Contractor and consultancy costs	425	385
Auditor's Remuneration		
- Audit Services	4	34
Legal Expenses		
- Planning & Development	29	2
- Other Legal Expenses	191	48
Total Materials & Contracts	6251	7087

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 4 - EXPENSES (cont)	2012 \$'000	2011 \$'000
DEPRECIATION & AMORTISATION		
Intangible Assets (Note 25)	0	0
Plant and Equipment	995	1012
Office Equipment	96	103
Furniture & Fittings	35	32
Land Improvements	46	47
Buildings - non-specialised	432	424
Other Structures	46	38
Infrastructure		
- roads, bridges & footpaths	5233	7642
- stormwater drainage	226	211
- water supply network not elsewhere included	632	605
- sewerage network not elsewhere included	441	422
Other assets		
- other	103	103
Future Reinstatement Costs		
- Tips	16	53
- Quarries	28	97
- Other remediation assets	0	0
Less: Capitalised and distributed costs	0	-204
Total Depreciation & Amortisation	8329	10585
OTHER EXPENSES		
Bad and Doubtful Debts	0	27
Mayoral fee	19	19
Councillors' Fees & Allowances	72	70
Councillors' (incl. Mayor) Expenses	14	59
Insurances	177	264
Street Lighting	106	96
Light, Power & Heating	289	300
Telephone & Communications	152	156
Donations & Contributions to Local & Regional Bodies	6	64
Other levies	409	433
Advertising	66	60
Bank Charges	5	4
Printing and Stationery	44	39
Promotions	23	60
Security Services	5	9
Carbon Project Contribution	0	115
Insured Item Writeoffs	0	54
Rents	0	11
Subscriptions & Publications	57	78
Valuation Fees	33	28
Adjust interest in associated entities	0	0
Other	63	47
Total Other Expenses	1540	1993

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 5 - GAIN OR LOSS ON DISPOSAL OF ASSETS

	2012 \$'000	2011 \$'000
DISPOSAL OF PROPERTY		
Proceeds from disposal	112	220
Less: Carrying amount of assets sold	43	210
Gain (Loss) on disposal	69	10
DISPOSAL OF INFRASTRUCTURE, PLANT & EQUIPMENT		
Proceeds from disposal	263	492
Less: Carrying amount of assets sold	248	426
Gain (Loss) on disposal	15	66
DISPOSAL OF REAL ESTATE DEVELOPMENT ASSETS		
Proceeds from disposal	382	37
Less: Carrying amount of assets sold	344	22
Gain (Loss) on disposal	38	15
TOTAL GAIN (LOSS) ON DISPOSAL OF ASSETS	122	91

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 6 - CASH ASSETS & INVESTMENT SECURITIES

	2012 \$'000		2011 \$'000	
	Current	Non-Current	Current	Non-Current
CASH ASSETS				
Cash on Hand and at Bank	3311		5223	
Total Cash Assets	3311		5223	
<i>Cash Assets comprise short-term, highly liquid investments readily convertible to known amounts of cash that are subject to insignificant risk of changes of value.</i>				
INVESTMENT SECURITIES				
Summary				
Held to maturity investments	7000	4500	5750	1000
Total	7000	4500	5750	1000

Fair values for financial assets at fair value through profit or loss -held for trading are determined by quoted prices in active markets for identical investments.

Held to Maturity Investments

At beginning of year	5750	1000	7750	0
Additions	1250	3500	0	0
Disposals	0	0	-1000	0
Transfers Current/Non-current	0	0	-1000	1000
At end of year	7000	4500	5750	1000
Comprising:				
- Term Deposits	7000	4500	5750	1000
	7000	4500	5750	1000

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30th June 2012

Note 6 - CASH ASSETS & INVESTMENT SECURITIES (cont)

RESTRICTED CASH ASSETS & INVESTMENT SECURITIES

	2012 \$'000		2011 \$'000	
	Current	Non-Current	Current	Non-Current
Cash & Cash Equivalent Assets	3311		5223	
Investment Securities	7000	4500	5750	1000
TOTAL CASH & INVESTMENT SECURITIES	10311	4500	10973	1000
External Restrictions	5611	4500	7357	0
Internal Restrictions	3865	0	3608	1000
Unrestricted	835	0	8	0
	10311	4500	10973	1000

DETAILS OF MOVEMENTS OF RESTRICTED CASH ASSETS & INVESTMENT SECURITIES

	Notes	Opening Balance 30 June 2011 \$'000	Movements		Closing Balance 30 June 2012 \$'000
			Transfers To Restriction \$'000	Transfers From Restriction \$'000	
External Restrictions					
Included in liabilities					
Unexpended Loans		373	0	373	0
		373	0	373	0
Other					
Developer Contributions	17	442	162	0	604
RTA Contributions		0	0	0	0
Unexpended Grants		1586	518	0	2104
Water Supply funds		2212	1996	0	4208
Sewerage funds		2744	451	0	3195
		6984	3127	0	10111
Total External Restrictions		7357	3127	373	10111

External Restrictions arise pursuant to section 409(3) of the Local Government Act, the Local Government (General) Regulation 2005 and other applicable legislation. Further information relating to Developer Contributions is provided in Note 17 and Unexpended Grants in Note 3. Amounts raised by special rates (eg. Water & Sewer) and certain annual charges may only be used for those purposes.

Internal Restrictions

Employee Leave Entitlements	660	170	0	830
Plant replacement	68	70	0	138
Office Equipment	122	12	0	134
Construction of Buildings	1100	0	789	311
Environmental	792	28	0	820
Transport & Road Infrastructure	841	5	0	846
Economic Development & Tourism	83	0	29	54
Other	942	0	210	732
Total Internal Restrictions	4608	285	1028	3865

Internal Restrictions arise pursuant to resolutions of Council to set aside reserves of cash resources either relating to liabilities recognised in these reports or to fund future expenditure for the stated purpose. Such reserves are not permitted to exceed the amounts of cash assets and cash investments not otherwise restricted.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 7 - RECEIVABLES

	2012 \$'000		2011 \$'000	
	Current	Non-Current	Current	Non-Current
Rates & Annual Charges	648	0	761	0
Interest & Extra Charges	196	0	177	0
User Charges & Fees	1335	0	1532	0
Accrued Revenues	373	0	124	0
Deferred Debtors	55	0	20	56
Other levels of Government	1224	0	1176	0
Other	0	0	6	0
Total	3831	0	3796	56
Less: Allowance for Doubtful Debts				
Rates & Annual Charges	43	0	43	0
	3788	0	3753	56

Rates, Annual Charges, Interest & Extra Charges

Overdue rates and annual charges (being amounts not paid on or before the due date determined in accordance with the Local Government Act) are secured over the relevant land and are subject to simple interest at a rate of 11.00% (2011: 9.00%). Although Council is not materially exposed to any individual ratepayer, credit risk exposure is concentrated within the Council boundaries in the State of New South Wales.

Other levels of Government

Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of the Government of New South Wales and the Government of Australia.

Other Receivables

Amounts due (other than User Charges which are secured over the relevant land) are unsecured and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State of New South Wales.

AGGREGATE ASSET ARISING FROM EMPLOYEE BENEFITS

0	0	0	0
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RESTRICTED RECEIVABLES

Water Supply	702	0	701	0
Sewerage Services	161	0	154	0
Domestic Waste Management	154	0	157	0
Total Restrictions	1017	0	1012	0
Unrestricted Receivables	2771	0	2741	56
Total Receivables	3788	0	3753	56

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 8 - INVENTORIES & OTHER ASSETS

	2012 \$'000		2011 \$'000	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
INVENTORIES				
Stores & Materials	255	0	200	0
Real Estate Developments	829	0	374	800
Other	0	0	0	0
Total Inventories	<u>1084</u>	<u>0</u>	<u>574</u>	<u>800</u>

Inventories not expected to be realised within the next 12 months.

0 0 0 800

Aggregate write-downs and other losses recognised as an expense, and reversals of these, were not material in amount in either year. All such reversals occurred principally as a result of clerical inaccuracies during stores operations.

OTHER ASSETS

Prepayments	30	0	0	0
Total Other Assets	<u>30</u>	<u>0</u>	<u>0</u>	<u>0</u>

Real Estate Developments

(Valued at the lower of cost and net realisable value)

Residential	829	0	107	800
Industrial & Commercial	0	0	267	0
Total Real Estate for Resale	<u>829</u>	<u>0</u>	<u>374</u>	<u>800</u>

Represented by:

Acquisition Costs	829	0	265	800
Development Costs	0	0	109	0
	<u>829</u>	<u>0</u>	<u>374</u>	<u>800</u>

Less: Allowance for Under-Recovery

Total Real Estate for Resale	<u>829</u>	<u>0</u>	<u>374</u>	<u>800</u>
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RESTRICTIONS EXIST IN RESPECT OF THE FOLLOWING:

Other Assets

Water Supplies	0	0	20	20
	<u>0</u>	<u>0</u>	<u>20</u>	<u>20</u>

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 9 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2011 \$'000					CARRYING AMOUNT MOVEMENTS DURING YEAR \$'000					2012 \$'000			
	AT COST	AT FAIR VALUE	ACCUM DEPN	CARRYING AMOUNT	Asset Purchases	Asset Disposals	Depreciation	Impairment	Transfers, etc.	Net Revaluation	AT COST	AT FAIR VALUE	ACCUM DEPN	CARRYING AMOUNT
Capital Work-in-progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant & Equipment	-	12,931	(6,402)	6,529	1,179	(274)	(995)	-	-	-	-	13,726	(7,287)	6,439
Office Equipment	-	1,499	(1,116)	383	45	-	(96)	-	-	-	-	1,544	(1,212)	332
Furniture & Fittings	-	364	(175)	189	27	-	(35)	-	-	-	-	391	(210)	181
Leased Plant & Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Operational Land	301	5,840	-	6,141	23	(43)	-	-	-	-	324	5,840	-	6,164
- Community Land	-	2,108	-	2,108	-	-	-	-	-	-	-	2,065	-	2,065
Land under roads	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- pre 1 July 2008	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- post 1 July 2008	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land Improvements - non-depreciable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land Improvements - depreciable	7	5,120	(3,953)	1,174	52	-	(46)	-	-	-	59	5,120	(3,999)	1,180
Buildings - non-specialised	386	33,783	(5,776)	28,393	164	-	(432)	-	-	-	550	33,783	(6,208)	28,125
Buildings - specialised	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Structures	214	2,975	(1,757)	1,432	292	-	(46)	-	-	-	506	2,975	(1,803)	1,678
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Roads, bridges, footpaths	2,339	426,800	(90,019)	339,120	3,367	-	(5,233)	-	-	-	5,706	426,800	(95,252)	337,254
- Bulk earthworks (non-deprec.)	23	66,607	-	66,630	-	-	-	-	-	-	-	66,630	-	66,630
- Stormwater drainage	1,609	16,183	(2,526)	15,266	764	-	(226)	-	-	-	2,373	16,183	(2,752)	15,804
- Water Supply Network	566	47,903	(21,364)	27,105	1,025	-	(632)	-	-	6,922	-	47,279	(12,859)	34,420
- Sewerage Network	48	28,459	(17,984)	10,523	157	-	(441)	-	-	15,704	-	27,521	(1,578)	25,943
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Heritage Collections	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Library Books	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Other	29	3,510	(1,959)	1,580	22	-	(103)	-	-	-	51	3,510	(2,062)	1,499
Future Reinstatement Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Tips	843	-	(399)	444	-	-	(16)	-	-	56	618	-	(134)	484
- Quarries	828	-	(828)	-	-	-	(28)	-	-	267	465	-	(226)	239
- Other remediation assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	7,193	654,082	(154,258)	507,017	7,117	(317)	(8,329)	-	-	22,949	10,652	653,367	(135,582)	528,437
Asset acquisitions were apportioned between:														
				Building & Infrastructure Renewals	5,047									
				Building & Infrastructure New Assets	430									
				Other Assets	1,640									

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 9 (cont) - RESTRICTED PROPERTY, PLANT & EQUIPMENT

	2012 \$'000				2011 \$'000			
	AT COST	AT VALUATION	ACCUM DEPN	CARRYING AMOUNT	AT COST	AT VALUATION	ACCUM DEPN	CARRYING AMOUNT
Water Supply								
Plant & Equipment		5,411	919	4,492	77	5,260	1,891	3,446
Office Equipment		170	118	52	166	-	107	59
Land								
- Operational	142	268		410	97	268	-	365
Buildings		1,143	195	948		1,144	181	963
Other Structures		20,572	5,581	14,991				
Water Supply Infrastructure		21,126	6,240	14,886	487	42,479	19,366	23,600
- Other								
Total Water Supply	142	48,690	13,053	35,779	827	49,151	21,545	28,433
Sewerage Services								
Plant & Equipment		344	32	312	21	1,891	1,027	885
Land								
- Operational		299		299		299		299
Buildings						77	13	64
Other Structures		11,042	1,057	9,985	-	-	-	-
Sewerage Infrastructure		16,135	489	15,646	27	26,491	16,945	9,573
Total Sewerage Services	-	27,820	1,578	26,242	48	28,758	17,985	10,821
Domestic Waste Management								
Plant & Equipment		62	38	24		62	33	29
Office Equipment		6	5	1	6	-	5	1
- Operational		685		685		685		685
Land Improvements - depreciab	611		412	199	573		402	171
Buildings	12	219	45	186	12	219	42	189
Other Structures	139		26	113	139	-	23	116
- Other	104		49	55	104		41	63
Tip Assets	843		399	444	843	-	399	444
Total Domestic Waste	1,709	972	974	1,707	1,677	966	945	1,698
Stormwater Drainage								
Other Structures		15,429	2,243	13,186	1,525	13,140	2,064	12,601
- Other Kerb & Guttering	83	3,044	509	2,618	83	3,043	461	2,665
Total Stormwater Drainage	83	18,473	2,752	15,804	1,608	16,183	2,525	15,266
TOTAL RESTRICTIONS	1,934	95,955	18,357	79,532	4,160	95,058	43,000	56,218

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 10 - LIABILITIES

	2012 \$'000		2011 \$'000	
	Current	Non-Current	Current	Non-Current
PAYABLES				
Goods & Services	542	0	1045	0
Payments received in advance	35	0	0	0
Accrued salaries & wages	197	0	0	0
Accrued expenses - other	101	0	274	0
Total Payables	875	0	1319	0

Current payables not expected to be settled within the next 12 months.

0

0

BORROWINGS

Bank Overdraft	0		0	
Loans				
- Secured	276	3287	282	1561
Government Advances	0	0	2	0
Total Borrowings	276	3287	284	1561

All interest bearing liabilities are secured over the future revenues of the Council.

PROVISIONS

Employee benefits - annual leave	767	0	680	0
- sick leave	13	0	12	0
- long service leave	1249	79	952	194
- oncosts	291	11	200	11
Reinstatement, Remediation, etc. (see also Note 22)	79	1329	89	2014
Total Provisions	2399	1419	1933	2219

Current payables not expected to be settled within the next 12 months.

1243

1069

Movements in Provisions

	Employee Benefits	Self Insurance	Reinstatement, etc.	Other
	2012 \$'000	2012 \$'000	2012 \$'000	2012 \$'000
Opening Balance	2049	0	2103	0
Add Additional amounts recognised	769	0	-774	0
Unwinding of present value discounts	97	0	79	0
(Less) Payments	-505	0	0	0
Add (Less) Remeasurement Adjustments	0	0	0	0
Add (Less) Transfer on Council restructure	0	0	0	0
Closing Balance	2410	0	1408	0

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

NOTE 10 - LIABILITIES (cont)

Provision for Self Insurance

In accordance with the relevant licences, Council makes provision for the actuarial estimate of the probable costs it will incur relating to unpaid reported claims, claims incurred but not reported (IBNR), claims incurred but not enough reported (IBNER) and direct and indirect claims settlement costs.

Provision for Reinstatement, rehabilitation & restoration liabilities

Council is required by law to reinstate/ rehabilitate the areas of certain tips and quarries for roadmaking materials when it ceases to use each facility. Engineering estimates have been made based on current reinstatement standards and discounted to its present value over the estimated remaining life of each facility at the rates applicable to government securities.

	2012 \$'000		2011 \$'000	
	Current	Non-Current	Current	Non-Current
AGGREGATE LIABILITY ARISING FROM EMPLOYEE BENEFITS				
	2517	90	1844	205
LIABILITIES relating to RESTRICTED ASSETS				
<u>Domestic Waste Management</u>				
Payables	0	0	39	888
Subtotal	0	0	39	888
<u>Water Supplies</u>				
Interest Bearing Liabilities	63	1949	83	12
Subtotal	63	1949	83	12
TOTAL	63	1949	122	900

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

Cash Assets comprise short-term, highly liquid investments readily convertible to known amounts of cash that are subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:

	2012 \$'000	2011 \$'000
Total Cash Assets (Note 6)	3311	5223
Less: Bank Overdraft (Note 10)	0	0
Balances per Statement of Cash Flows	<u>3311</u>	<u>5223</u>

(b) Reconciliation of Change in Net Assets to Cash from Operating Activities

Net Operating Result from Income Statement	-686	-2220
Add: Depreciation, Amortisation & Impairment	8329	10585
Unwinding of present value discounts & premiums	188	105
Increase in provision for doubtful debts	0	26
Increase in employee benefits provisions	264	171
Decrease in inventories	0	259
Increase in other payables	6	0
	<u>8101</u>	<u>8926</u>
Less: Decrease in provision for doubtful debts	0	0
Decrease in other provisions	774	0
Increase in receivables	6	529
Increase in inventories	55	0
Increase in other assets	30	19
Decrease in trade creditors & other accruals	444	0
Gain on Sale of Assets	122	91
Non-cash Capital Grants and Contributions	-614	320
Gain on Council restructure	0	0
Net Cash provided by (or used in) operations	<u>7284</u>	<u>7967</u>

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 11 (cont) - RECONCILIATION TO CASH FLOW STATEMENT

	2012 \$'000	2011 \$'000
(c) Non-Cash Financing and Investing Activities		
Acquisition of assets by means of:		
- Bushfire Grants	160	320
	<u>160</u>	<u>320</u>
	<u>160</u>	<u>320</u>

(d) Financing Arrangements

Unrestricted access was available at balance date to the following lines of credit:

Bank Overdrafts		
Total Facilities	150	150
Corporate Credit Cards	29	29

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Interest rates on overdrafts are variable while the rates for loans are fixed for the period of the loan.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 12 - COMMITMENTS FOR EXPENDITURE

	2012 \$'000	2011 \$'000
(a) Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Bridges	0	214
Water Infrastructure	4996	1400
	<u>4996</u>	<u>1614</u>

Commitments for Capital Expenditures relating to Joint Ventures and Partnerships are set out in Note 19.

(b) Other Expenditure Commitments

Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:

Audit Services	75	99
Waste Management Services	3557	3453
	<u>3632</u>	<u>3552</u>
These expenditures are payable:		
Not later than one year	424	412
Later than one year and not later than 5 years	1775	1749
Later than 5 years	1433	1391
Net Lease Liability	<u>3632</u>	<u>3552</u>

Commitments for other Expenditures relating to Joint Ventures and Partnerships are set out in Note 19.

(c) Operating Lease Commitments (Non-Cancellable)

Commitments under non-cancellable operating leases at the reporting date but not recognised in the financial statements are payable as follows:

<u>Total Future Minimum Lease Payments</u>		
Not later than one year	13	14
Later than one year and not later than 5 years	0	13
Later than 5 years	0	0
	<u>13</u>	<u>27</u>

Council has entered into non-cancellable operating leases for various items of computer and other plant and equipment.

No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

Leases in relation to computer and office equipment permit Council, at expiry of the lease, to elect to re-lease, return or acquire the equipment leased.

No lease contains any escalation clause.

(d) Remuneration Commitments

Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at reporting date but not recognised as liabilities, payable:

Not later than one year	650	764
Later than one year and not later than 5 years	537	1,242
	<u>1,187</u>	<u>2,006</u>

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 13 - STATEMENT OF PERFORMANCE MEASUREMENT

INDICATORS - CONSOLIDATED				
		2012	2011	2010
	<u>Amounts</u>	<u>Indicators</u>		
Unrestricted Current Ratio				
<u>Unrestricted Current Assets*</u>	\$4,085	1.82:1	2.02:1	2.42:1
Current Liabilities not relating to Restricted Assets	\$2,244			
Debt Service Ratio				
<u>Net Debt Service Cost*</u>	\$388	0.02:1	0.02:1	0.03:1
Operating Revenue*	\$16,750			
Rate & Annual Charges Coverage Ratio				
<u>Rates & Annual Charges Revenues</u>	\$8,760	0.37:1	0.33:1	0.35:1
Revenue from continuing operations	\$23,645			
Rates & Annual Charges Outstanding Percentage				
<u>Rates & Annual Charges Outstanding</u>	\$801	8.21%	9.77%	8.67%
Rates & Annual Charges Collectible	\$9,758			
Building & Infrastructure Renewals Ratio				
<u>Asset renewals*</u>	\$5,047	0.72:1	0.24:1	1.2:1
Depreciation, Amortisation, Impairment	\$6,964			

INDICATORS - BY FUND			
	Current Year Indicators		
	General	Water	Sewer
Unrestricted Current Ratio			
<u>Unrestricted Current Assets*</u>	2.27:1	27.11:1	0.00
Current Liabilities not relating to Restricted Assets			
Debt Service Ratio			
<u>Net Debt Service Cost*</u>	0.02:1	0.04:1	0:1
Operating Revenue*			
Rate & Annual Charges Coverage Ratio			
<u>Rates & Annual Charges Revenues</u>	0.29:1	0.86:1	0.82:1
Revenue from continuing operations			
Rates & Annual Charges Outstanding Percentage			
<u>Rates & Annual Charges Outstanding</u>	8.48%	6.18%	10.93%
Rates & Annual Charges Collectible			
Building & Infrastructure Renewals Ratio			
<u>Asset renewals*</u>	0.65:1	1.78:1	0.45:1
Depreciation, Amortisation, Impairment			

* Detailed methods of calculation of these indicators is defined in the Code.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 14 - INVESTMENT PROPERTY

Council does not have any investment properties for 2011 or 2012

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 15 - FINANCIAL RISK MANAGEMENT

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. All financial instruments are denominated in Australian dollars, and hence currency risk does not apply.

Financial risk management is carried out by Finance section in accordance with policies approved by Council and in accordance with statutory requirements, and seeks to maximise revenue while protecting the corpus of the funds invested.

Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Cash and Cash Equivalents	3311	5223	3311	5223
Receivables	3788	3809	3788	3809
Available-for-sale financial assets	11500	6750	11500	6750
	<u>18599</u>	<u>15782</u>	<u>18599</u>	<u>15782</u>
Financial Liabilities				
Payables	875	1319	875	1319
Borrowings	3563	1845	3563	1845
	<u>4438</u>	<u>3164</u>	<u>4438</u>	<u>3164</u>

Fair value is estimated as follows:

* Cash & equivalents, receivables & payables - due to the short-term nature, face value (carrying value) approximates fair value.

* Held-to-maturity investments and borrowings - anticipated future cash flows discounted by current market interest rates applicable to assets and liabilities with similar risk profiles.

* Financial assets at fair value through profit & loss, and available-for-sale - based on quoted market prices (where a liquid market exists) or independent valuation. Particular difficulties were experienced in assessing fair value of CDOs, and these have been reported in Note 1.

Cash and cash equivalents

Financial assets at fair value through profit & loss

Available-for-sale financial assets

Held-to-maturity investments

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital.

The investment portfolio is managed in accordance with Council's policy (which complies with the *Local Government Act & Regulations*), and the Minister's Order. The investment policy is reviewed regularly, and a report in accordance with section 625 of the Act provided to Council monthly.

The investment portfolio is managed so as to provide adequate liquidity at all times, particularly during the periods between the quarterly receipt of rates instalments and grants. In addition, Council has access to overdraft facilities set out in Note 12.

The remainder of Council's investment portfolio consists of deposits at fixed and variable interest rates, generally for periods of less than 120 days. Whilst these are subject to interest rate risk, this is minimised by the short term of the financial assets held.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 15 - FINANCIAL RISK MANAGEMENT (cont)

Interest Sensitivity Analysis	2012 \$'000	2011 \$'000
Impact of a 1% change in interest rates on cash & investments		
- Equity	146	119
- Income Statement	146	119

Receivables

Credit risk on receivables for rates, annual charges and service charges made under section 502 is minimised as these are secured over the subject land. The security extends to interest levied for late payment.

Other receivables are subject to a range of credit risk minimisation procedures as appropriate, varying from credit checks to specific security pledges. Council is not materially exposed to any individual debtor, and credit risk exposure is concentrated within the Council boundaries in the State of New South Wales. There are no material receivables that have been subject to re-negotiation of repayment terms.

Council receives regular summary reports of receivables due, and detailed reports where appropriate.

At reporting date, all amounts receivable were reviewed, and adequate allowance made for amounts considered doubtful.

	2012 \$'000	2011 \$'000
Percentage of Rates & Annual Charges		
- Current	0	0
- Overdue	100%	100%

Payables

Borrowings

Payables and borrowings are subject to liquidity risk - the risk that insufficient funds may be on hand to meet payment obligations as they fall due. The investment portfolio is managed so as to provide adequate liquidity at all times, particularly during the periods between the quarterly receipt of rates instalments and grants. In addition, Council has access to overdraft facilities set out in Note 12.

Liquidity Sensitivity Table

The contractual undiscounted cash flows of Council's payables and borrowings are shown below:

	2012 '000	Due			Total Contractual 	Carrying Value
		≤ 1 year	2 - 5 years	> 5 years		
Payables		875	0		875	875
Borrowings		275	764	2524	3563	3563
		<u>1150</u>	<u>764</u>	<u>2524</u>	<u>4438</u>	<u>4438</u>
	2011 '000	Due			Total Contractual Cash Flows	Carrying Value
		≤ 1 year	2 - 5 years	> 5 years		
Payables		1319	0		1319	1319
Borrowings		284	898	663	1845	1845
		<u>1603</u>	<u>898</u>	<u>663</u>	<u>3164</u>	<u>3164</u>

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 15 - FINANCIAL RISK MANAGEMENT (cont)

Borrowings are also subject to interest rate risk - the risk that changes in interest rates could adversely affect funding costs. Council manages this risk by generally borrowing long term, commonly at rates fixed for the duration of the loan. Bank overdraft and less than 10% of borrowings are at variable rates; the associated interest rate risk is not considered material.

The following interest rates were applicable to Council's borrowings at balance date:

	2012		2011	
	Wtd ave interest rate	Balance	Wtd ave interest rate	Balance
Overdraft	0.00%	0	0.00%	0
Loans - fixed interest rate	6.45%	3032	6.67%	1305
Loans - variable interest rate	6.35%	531	6.35%	540
		<u>3563</u>		<u>1845</u>

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 16 - SIGNIFICANT VARIATIONS FROM ORIGINAL BUDGET

Council's original budget comprised part of the Management Plan adopted by Council on 29th June 2011. The original projections on which the budget was based have been affected by decisions and new grant programs initiated by State and Federal Governments, by the weather, and by decisions made by the Council.

This Note sets out the principal variations between the original Budget and Actual results for the Income Statement. These variations do not take into account any re-votes from the previous year or any adjustments made through Council's quarterly budget reviews.

Further information of the nature and amount of all variations is available from the Council office upon request.

INCOME STATEMENT

1 Investment Revenues – Variation favourable – 13.7% \$105,000

An increase in long-term interest rates coupled with increased invested funds has resulted in additional investment revenue.

2 Grants & Contributions - Capital – Variation unfavourable – 56.5% \$2,239,000

Actual capital grants and contributions for the 2011/2012 year were less than the original budget estimates, as capital grants works and the water supply upgrade were not forthcoming as the works did not proceed in 2011/2012.

3 Profit from disposal of Assets - Variation favourable – 100% \$122,000

The original budget estimates did not provide an allocation for the profit on sale of assets.

4 Material & Contracts - Variation favourable – 31.6% \$1,979,000

Actual expenditure on road resealing, gravel re-sheeting and heavy patching has been classified as capital expenditure, where as the original budget made provision for these expenses as "materials & contracts".

5 Borrowing Costs - Variation favourable – 109% \$222,000

Original budget estimates made provision for loan borrowings to complete Water Supply infrastructure, however the loan funds were not taken up in early 2011/2012 as the works were not carried out in 2011/2012.

6 Depreciation & Amortisation – Variation unfavourable – 58.9% \$3,088,000

The original budget did not make provision for increased depreciation of the roads asset following their revaluation as at 30th June 2010.

7 Other Expenses – Variation favourable – 13.5% \$208,000

Actual cost of insurance premiums and other expenditures were less than original estimates.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note 1 - Significant Variations from Original Budget (cont)

CASH FLOW STATEMENT

1 User Charges & Fees – Favourable – 19.3% \$663,000

Water usage charges and gravel income for the year was greater than original estimates

2 Investments Income – Favourable – 11.6% \$63,000

The Investments Income was up on original budget estimates due to an increase in interest rates coupled with increased invested funds.

3 Borrowing Costs – Variation Favourable – 342% \$301,000

Council incurred less loan interest costs as the proposed loan funds for the Water Supply infrastructure upgrades were not taken up during the 2011/2012 financial year.

4 Other operating payments – Variation Unfavourable – 281% \$2,425,000

The change in costs is a consequence of restructuring works as new projects commenced during the year.

5 Proceeds from sale of Infrastructure, Property, Plant & Equipment – Variation Unfavourable – 66% \$727,000

Sales of plant & equipment were less than original budget estimates as not all plant item changeovers were affected.

6 Proceeds from the sale of Real Estate – Variation Favourable – 191% \$182,000

Land sales for 2011/2012 were greater than expected, as the sale of land at North Street Werris Creek was not allowed for in the original budget estimates.

7 Repayments from Deferred Debtors – Variation Favourable – 100% \$21,000

Repayment of deferred debtors not provided for in original cash flow estimates.

8 Purchase of Infrastructure Property Plant & Equipment/ Real Estate – Variation Favourable – 54.7% \$8,380,000

Essentially, a number of water supply infrastructure projects were deferred to next financial year, 2012/2013.

9 Purchase of Investment Securities – Variation Unfavourable – 172% \$2,000,000

Original budget estimates made no provision for the purchase of additional long-term investments.

10 Proceeds from Borrowings & Advances – Variation Favourable – 37.9% \$550,000

Additional funds were borrowed during the year to finance the dam safety upgrade at the Quipolly dam.

11 Repayment of Borrowings & Advances – Variation Favourable – 18% \$54,000

Council incurred less principal repayments as the loan for Quipolly dam upgrade was drawn down at the end of the financial year.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 17 - STATEMENT OF CONTRIBUTION PLANS

SUMMARY OF CONTRIBUTIONS

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR	EXPENSE D DURING YEAR	INTERNAL BORROW- INGS (to)/from	HELD AS RESTR- ICTED ASSET	EST. FUTURE CONTRIBS	EST. WORKS OUT- STANDING	EST. OVER/ (UNDER) FUNDING	BALANCE INTERNAL BORROW- INGS
		CASH	NON-CASH								
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Waste	1	0	0	0	0	0	1	0	0	1	0
Roads	38	16	0	3	0	0	57	0	0	57	0
Bushfire	8	0	0	1	0	0	9	0	0	9	0
Youth Services	15	0	0	1	0	0	16	0	0	16	0
Open Space	29	0	0	2	0	0	31	0	0	31	0
Community facilities	17	0	0	1	0	0	18	0	0	18	0
Other	70	0	0	4	0	0	74	0	0	74	0
Subtotal S94 under plans	178	16	0	12	0	0	206	0	0	206	0
Sec 94 not under plans	15	0	0	1	0	0	16				0
Sec 94A levies	107	28	0	8	0	0	143				0
Sec 64 Contributions	141	85	0	13	0	0	239				0
Total Contributions	441	129	0	34	0	0	604				0

Note: The above summary of contribution plans represents the total of Council's individual contribution plans. Individual plan details are shown below.

CONTRIBUTION PLAN - Quirindi

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR	EXPENSE D DURING YEAR	INTERNAL BORROW- INGS (to)/from	HELD AS RESTR- ICTED ASSET	EST. FUTURE CONTRIBS	EST. WORKS OUT- STANDING	EST. OVER/ (UNDER) FUNDING	BALANCE INTERNAL BORROW- INGS
		CASH	NON-CASH								
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Roads	20	0	0	1	0	0	21	0	0	21	0
Youth Services	15	0	0	1	0	0	16	0	0	16	0
Open Space	20	0	0	1	0	0	21	0	0	21	0
Community facilities	17	0	0	1	0	0	18	0	0	18	0
Total	72	0	0	4	0	0	76	0	0	76	0

CONTRIBUTION PLAN - Willow Tree

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR	EXPENSE D DURING YEAR	INTERNAL BORROW- INGS (to)/from	HELD AS RESTR- ICTED ASSET	EST. FUTURE CONTRIBS	EST. WORKS OUT- STANDING	EST. OVER/ (UNDER) FUNDING	BALANCE INTERNAL BORROW- INGS
		CASH	NON-CASH								
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Waste	1	0	0	0	0	0	1			1	0
Roads	18	16	0	2	0	0	36			36	0
Bushfire	8	0	0	1	0	0	9			9	0
Open Space	9	0	0	1	0	0	10			10	0
Total	36	16	0	4	0	0	56	0	0	56	0

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 17 - STATEMENT OF CONTRIBUTION PLANS (cont)

CONTRIBUTION PLAN - Werris Creek

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENSE D DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	EST. FUTURE CONTRIBS \$'000	EST. WORKS OUT- STANDING \$'000	EST. OVER/ (UNDER) FUNDING \$'000	BALANCE INTERNAL BORROW- INGS \$'000
		CASH \$'000	NON-CASH \$'000								
Other	70	0	0	4	0	0	74	0	0	74	0
Total	70	0	0	4	0	0	74	0	0	74	0

CONTRIBUTIONS NOT UNDER PLANS

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENSE D DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	EST. FUTURE CONTRIBS \$'000	EST. WORKS OUT- STANDING \$'000	EST. OVER/ (UNDER) FUNDING \$'000	BALANCE INTERNAL BORROW- INGS \$'000
		CASH \$'000	NON-CASH \$'000								
Open Space	15	0	0	1	0	0	16	0	0	16	0
Total	15	0	0	1	0	0	16	0	0	16	0

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 18 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

The following assets and liabilities do not qualify for recognition in the Balance Sheet but knowledge of those items is considered relevant to user of the financial report in making and evaluating decisions about the allocation of scarce resources.

DEFINED BENEFIT SUPERANNUATION PLAN

"The Local Government Superannuation Scheme - Pool B (the Scheme) is a defined benefit plan that has been deemed to be a "multi-employer fund" for purposes of AASB119. Sufficient information under AASB119 is not available to account for the scheme as a defined benefit plan, because the assets to the scheme are pooled together from all employers.

The amount of employer contributions (currently 1.9 times members contributions plus 2.5% of gross salary (3.8 times members contributions in 2010/2011) to the defined benefits section of the Local Government Superannuation Scheme and recognized as an expense for the year ending 30th June 2011 was \$447,000. The last valuation of the Scheme was performed by Mr. Martin Stevenson BSc, FIA, FIAA on the 16th February 2010 and covers the period ended 30th June 2009. However, the position is monitored annually and the Actuary has estimated that as at the 30th June 2012 a deficit still exists.

Effective from the 1st July 2011, employers are required to contribute additional amounts for a period of up to ten (10) years in order to rectify this deficit (ie \$83,522 for 2012/2013).

POTENTIAL INSURANCE LOSSES

Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled.

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to a deductible "insurance excess", the amount of which varies according to the class of insurance.

Council has recognised the potential losses arising from claims known at reporting date based on average historical net cost (including insurance excess) of similar types of claims. Other potential claims not reported to Council may have existed at reporting date.

HIH Insurance

During the period 1995-1997 portion of Council's public risk insurance cover was insured or re-insured with a member of the HIH insurance group of companies.

At the reporting date, there are no known claims outstanding from that period.

Statewide Mutual

Council is a member of Statewide Mutual, an organisation formed for the purchase and management of certain insurances on behalf of its members. Council is liable to contribute its proportionate share of any shortfall arising through the scheme.

Statewide Mutual Directors report that the scheme has accumulated surpluses under the liability scheme of \$38,666,810 as at 30th June 2012.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 19 - JOINT VENTURES & ASSOCIATED ENTITIES

(d) - Joint venture operations not recognised

Council is a partner in a regional library service - Central Northern Regional Library (CNRL) with four (4) other Councils. CNRL operates under a deed of agreement between the participating Councils for the purpose of providing library services. Council has not recognised its 9.5% CNRL joint venture interest in this financial report, however the service has advised that the total equity is \$803,401 of which Council's total equity as at the 30th June 2012 is \$76,323.

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 20 - RETAINED EARNINGS & REVALUATION RESERVES

RETAINED EARNINGS	2012	2011
	\$'000	\$'000
Balance at end of previous reporting period	204674	206894
Effect of correction of errors in previous years (see below)	0	0
Effect of accounting policy changes	0	0
Change in associated entities recognised	0	0
Restated opening balance	204674	206894
Net operating result for the year	-686	-2220
Balance at end of the reporting period	<u>203988</u>	<u>204674</u>
REVALUATION RESERVES		
<i>Infrastructure, Property, Plant & Equipment</i>		
Balance at end of previous reporting period	312183	309553
Revaluation of infrastructure, property, plant & equipment	22949	2630
Correct of errors in previous years	774	0
Impairment (expense) / recoupments offset to asset revaluation reserve	0	0
Transfer to retained earnings on sale of revalued infrastructure, property, plant & equipment	0	0
Balance at end of reporting period	<u>335906</u>	<u>312183</u>

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

NOTE 21 - RESULTS BY FUND

Moneys raised pursuant to certain sections of the Local Government Act, and of certain other Acts, may not be used for the general purposes of the Council, or must be held as cash or authorised investments until expended for the purposes they were raised. This Note identifies the operating result and net assets of the general purposes operations of the Council, and of the principal special purpose operations.

Amounts are shown on a gross basis - before consolidation eliminations - and do NOT reconcile to the principal statements, and are shown for the current year only.

	GENERAL FUND \$'000	WATER SUPPLY \$'000	SEWER \$'000
INCOME STATEMENT			
INCOME			
Rates & Annual Charges	6,655	1,208	897
User Charges & Fees	2,752	881	0
Investment Revenues	614	113	144
Other Revenues	751	0	0
Grants & Contributions - Operating	5,492	30	24
Grants & Contributions - Capital	3,746	192	24
Profit from Disposal of Assets	122	0	0
Total Income from Continuing Operations	20,132	2,424	1,089
EXPENSES			
Employee Costs	6,990	728	290
Materials & Contracts	5,456	569	226
Borrowing Costs	196	7	0
Depreciation & Amortisation	7,235	654	440
Other Expenses	1,540	0	0
Total expenses from Continuing Operations	21,417	1,958	956
OPERATING RESULT FROM CONTINUING OPERATIONS	(1,285)	466	133
NET OPERATING RESULT FOR YEAR	(1,285)	466	133
Attributable to:			
Liverpool Plains Shire Council	(1,285)	466	133
Minority Interests	(1,285)	0	0
	(1,285)	466	133
<i>Net operating result before capital grants and contributions</i>	<i>(5,031)</i>	<i>274</i>	<i>109</i>

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 21 - Results by Fund (cont)

	GENERAL FUND \$'000	WATER SUPPLY \$'000	SEWER \$'000
BALANCE SHEET			
CURRENT ASSETS			
Cash & cash equivalents	408	1,708	1,195
Investments	7,000	0	0
Receivables	2,925	702	161
Inventories	1,084	0	0
Other	30	0	0
TOTAL CURRENT ASSETS	<u>11,447</u>	<u>2,410</u>	<u>1,356</u>
NON-CURRENT ASSETS			
Investments	0	2,500	2,000
Infrastructure, Property, Plant & Equipment	466,416	35,779	26,242
TOTAL NON-CURRENT ASSETS	<u>466,416</u>	<u>38,279</u>	<u>28,242</u>
TOTAL ASSETS	<u>477,863</u>	<u>40,689</u>	<u>29,598</u>
CURRENT LIABILITIES			
Payables	875	0	0
Borrowings	213	63	0
Provisions	2,399	0	0
TOTAL CURRENT LIABILITIES	<u>3,487</u>	<u>63</u>	<u>0</u>
NON-CURRENT LIABILITIES			
Borrowings	1,338	1,949	0
Provisions	1,419	0	0
TOTAL NON-CURRENT LIABILITIES	<u>2,757</u>	<u>1,949</u>	<u>0</u>
TOTAL LIABILITIES	<u>6,244</u>	<u>2,012</u>	<u>0</u>
NET ASSETS	<u>471,619</u>	<u>38,677</u>	<u>29,598</u>
EQUITY			
Accumulated Surplus	184,288	14,580	5,120
Revaluation Reserves	287,331	24,097	24,478
Council Equity Interest	471,619	38,677	29,598
Minority Equity Interest	0	0	0
TOTAL EQUITY	<u>471,619</u>	<u>38,677</u>	<u>29,598</u>

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30th June 2012

Note 22 - REINSTATEMENT, REHABILITATION & RESTORATION LIABILITIES

Tip Remediation	2012	2011
	\$'000	\$'000
At beginning of year	932	892
Amounts capitalised to Tip asset		
Revised life	-303	0
Amortisation of discount - expensed to borrowing costs	37	40
At end of year	<u>666</u>	<u>932</u>

Quarry Remediation	2012	2011
	\$'000	\$'000
At beginning of year	1171	1122
Amounts capitalised to Tip asset		
Revised life	-471	0
Amortisation of discount - expensed to borrowing costs	42	49
At end of year	<u>742</u>	<u>1171</u>



FARROW WYATT
CHARTERED ACCOUNTANTS

Liverpool Plains Shire Council

**Independent auditor's report to the Council – s417(2)
Report on the general purpose financial statements**

Report on the financial statements

We have audited the accompanying financial statements of Liverpool Plains Shire Council (the council), which comprise the balance sheet as at 30 June 2012, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, accompanying notes to the financial statements, and the Statement by Councillors and Management in the approved form as required by Section 413 (2) of the Local Government Act 1993.

Councillor's responsibility for the financial statements

The councillors of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1993. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Councillors or management, as well as evaluating the overall presentation of the financial statements.

When this audit is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial statements.

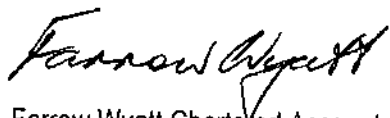
Our audit did not involve an analysis of the prudence of business decisions made by Councillors or management.

Our audit responsibility does not extend to the Original Budget Figures included in the Income Statement, Cash Flow Statement and the Original Budget disclosures in Notes 2(a) and 16 and the Projections disclosed in Note 17 to the financial statements, nor the attached Special Schedules and accordingly, we express no opinion on them.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's opinion

- a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13 Part Division 2; and
- b) the financial statements:
 - i. have been presented in accordance with the requirements of this Division;
 - ii. are consistent with the Council's accounting records;
 - iii. present fairly the Council's financial position as at 30 June 2012 and the results of operations and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations); and
- c) all information relevant to the conduct of the audit has been obtained; and
- d) there are no material deficiencies in the accounting records or financial statements that have come to light during the course of the audit.



Farrow Wyatt Chartered Accountants



Wayne Russell

Partner

Maitland

5 November 2012



FARROW WYATT
CHARTERED ACCOUNTANTS

Liverpool Plains Shire Council

**Independent Audit Report
S417(3) - Report on the conduct of the audit**

The Mayor
Councillor Ian Lobsey
Liverpool Plains Shire Council
60 Station Street
QUIRINDI NSW 2343

Dear Councillor Lobsey

Report on the Conduct of the Audit for the year ended 30 June 2012 - Section 417(3)

We have completed our audit of the financial statements for Liverpool Plains Shire Council for the year ended 30 June 2012, in accordance with Section 415 of the Local Government Act, 1993. Our audit opinion under Section 417(2) has been issued to Council.

The Council is responsible for the preparation and true and fair presentation of the financial statements in accordance with the Local Government Act 1993. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

We conducted an independent audit of the financial statements in order to express an opinion on them to the Council. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our audit responsibility does not extend to the Original Budget figures included in the Income Statement, Cash Flow Statement and the Original Budget disclosures in Notes 2(a) and 16 and the Projections disclosed in Note 17 to the financial statements, nor the attached Special Schedules and accordingly, we express no opinion on them. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1993, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Council's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- Assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Council.

When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial statements.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by Councillors or management.

As a result of our audit there are a number of comments we wish to raise concerning the trends in Council's finances. These comments are set out below.

Income Statement

These financial statements incorporate Council's consolidated accounts for the year ended 30 June 2012.

a) Net Operating Result for the year before Capital Grants and Contributions

Council's Net Operating Result before capital grants and contributions for the year ended 30 June 2012 shows a deficit \$4,648,000 compared with a deficit of \$7,690,000 for the year ended 30 June 2011.

The movement in the result is mainly attributable to increases in rates and annual charges revenue of \$359,000, an increase in other revenues of \$314,000, and an increase in investment revenues of \$210,000, along with a decrease in materials and contracts of \$836,000, and depreciation & amortisation of \$2,256,000.

Offsetting the above have been an increase in employee costs of \$294,000 and a decrease in user charges and fees of \$207,000.

Factors that have contributed to the movement noted above are as follows:

Rates and Annual Charges

Rates and annual charges have increased by \$137,000 and \$222,000 respectively. The increase in rate income is largely attributable to the permissible general increase.

Increases in annual charges are largely attributable to an increase of \$50 per property for water supply.

User Charges and Fees

User charges and fees decreased by \$207,000. The movement is largely attributable to decrease in RTA fees of \$775,000 for work done by Council on State Roads, offset by increases in water supply usage charges due to more water being consumed of \$310,000.

Interest and Investment Income

There was an increase in interest and investment income mainly due to an increase in the amount of funds invested.

Grants & Contributions Provided for Operating Purposes

Grants & contributions provided for operating purposes have decreased overall by \$924,000. The decrease is mainly due to a decrease in housing & amenities grants and contributions of \$1,211,000, offset by an increase on Grant Commission income of \$728,000 due to the timing of instalments.

Employee Costs

The increase in employee costs of \$327,000 is primarily due to an award increase of 3.5%.

Materials and Contracts

The decrease of \$836,000 primarily relates to reduction in grants received in relation to capital. .

Depreciation & Amortisation

The reduction in depreciation expense is largely attributable to a reduction in roads, bridges and footpaths depreciation of \$2,409,000 which is a consequence of council re-assessing the residual values and useful lives of certain asset classes e.g. unsealed roads which have impacted on the depreciation expense in the current year.

b) Net Operating Result for the Year

After allowing for items of a capital nature, Council's net operating result for the year ended 30 June 2012 was deficit of \$686,000 compared to a deficit of \$2,220,000 for the year ended 30 June 2011.

The improved result is largely due to the improvement in the net operating result for the year before capital grants and contributions, as the total level of capital grants and contributions received by Council has reduced by \$1,508,000 in the current year.

Asset Recognition

Except for land under roads, infrastructure assets acquired or constructed prior to 1 January 1993 have been capitalised in the accounts on a staged basis since June 1995, in accordance with the provisions of the Local Government Code of Accounting Practice and Financial Reporting.

In July 2006, the Department of Local Government determined that all infrastructure, property, plant and equipment will be valued at fair value in a staged approach recognising water and sewerage assets in the year ended 30 June 2007; plant and equipment, land and buildings, and other assets in the year ended 30 June 2008; roads, bridges, footpaths and drainage in the year ending 30 June 2009 (which was subsequently deferred to 30 June 2010), and Community land, land improvements, other structures and other assets by 30 June 2010 (subsequently deferred to 30 June 2011).

The fair value of plant and equipment, land and buildings and other assets was ascertained and based on the following methods:

- plant and equipment - approximated by depreciated historical cost
- buildings - fair value as determined by independent external valuation
- operational land - fair value as determined by independent external valuation

The fair value of the water and sewerage assets is based on the written down replacement cost. The written down replacement cost was based on the concept of modern engineering equivalents. In this regard, data published by the Department of Energy, Utilities and Sustainability was referred to.

The fair value of roads, bridges, footpaths and drainage assets was based on the method of written down replacement cost.

The fair value of Community land, land improvements and other structures was based on the following methods:

- land improvements and other structures - approximated by depreciated historical cost
- community land - on the following bases
 - the NSW Valuer General's valuations may be used to initially recognise community land acquired at no cost or nominal cost. It is considered that the valuations represent the fair value of such land in lieu of actual cost.
 - Community land acquired at market price should be recorded initially at cost.
 - the NSW Valuer General's valuations may be used under the revaluation model to represent fair value for the revaluation of community land.

In line with the Division of Local Government requirements, Council revalued the roads, bridges, footpaths and drainage assets to fair value based on written down replacement cost at 30 June 2010. This resulted in a \$268,853,000 revaluation increment to revaluation reserves and a \$91,789,000 adjustment to retained earnings due to prior period over depreciation. Revaluation of water and sewerage and other assets in the 2010 year resulted in a further revaluation increment of \$1,128,000.

In line with Division of Local Government requirements, Community land and land improvements, and other structures were revalued as at 30 June 2011. This resulted in a revaluation increment of \$1,483,000. Revaluation of water and sewerage assets as at 30 June 2011 resulted in a further revaluation increment of \$1,147,000.

Council revalued water and sewerage assets as at 30 June 2012. This was in accordance with Division of Local Government requirements that a "full" revaluation of water and sewerage assets was required as at 30 June 2012 rather than a revaluation based on an "indexation" of carrying amount in the year between each "full" revaluation.

The revaluation increment of \$22,949,000 was primarily related to an increase in the water supply network of \$6,922,000 and an increase in the sewerage network of \$15,704,000.

The revaluation increment is a combination of factors in council reconciling its engineering and finance department asset records. In this regard while part of the revaluation increment relates to re-assessment of asset condition, useful lives and asset construction unit rates, other variations between finance and engineering records have also been taken through the revaluation reserve. Some of these

variations may relate to adjustments that should have been more properly taken through retained earnings.

While we acknowledge the impact of the variations are not material to the financial statements as a whole, we recommend that council conduct a detail reconciliation of engineering and finance assets records to identify whether further adjustments may be required.

Performance Indicators

Our comments in regard to Council's performance for the 2012 year are based on those performance indicators and areas that are considered meaningful.

The indicators we have reviewed are as follows:

a) Liquidity

At 30 June 2012, Council's net current assets stood at \$11,663,000 compared to \$11,764,000 at 30 June 2011. In other words, the total current assets that Council is expected to realise in the coming year exceeded the total current liabilities that will need to be met by this amount. This is referred to as the current asset ratio and is a measure of the liquidity of Council. Prima facie, this places Council in a sound financial position however, it must be remembered that this balance includes items which are restricted in their use. The unrestricted current ratio also shows that prima facie Council is in a sound position, with unrestricted current assets outweighing current liabilities (excluding specific purpose liabilities) by 1.82: 1 on a consolidated basis (although the ratio has declined over the last two years – see below).

Net Current Assets

Included in Council's net current assets, are cash and investments of \$10,973,000 which are subject to restrictions as follows:

	30 June 2012 \$'000	30 June 2011 \$'000
Total cash and investments	10,311	10,973
Less: Items specifically restricted by external regulation	<u>(5,611)</u>	<u>(7,357)</u>
	4,700	3,616
Less: Amounts subject to restrictions made by Council to cover long term projects and commitments - Internal restrictions	<u>(3,865)</u>	<u>(3,608)</u>
Unrestricted cash and investments	<u>835</u>	<u>8</u>

Unrestricted Current Ratio

The unrestricted current ratio for the last three years on a consolidated basis is as follows:

2012	2011	2010
------	------	------

1.82:1

2.02:1

2.42:1

As noted above, whilst the ratio indicates prima facie that Council is in a sound position at 30 June 2012, it should be noted that the ratio is deteriorating. Moreover the ratios noted above are on a consolidated basis.

An analysis of the ratio for the year ended 30 June 2012 on a "by fund" basis indicates the following:

General	Water	Sewer
2.27:1	27.11:1	-

b) Debt Service Ratio

At 30 June 2012 Council had outstanding loans of \$3,563,000 compared with \$1,845,000 at 30 June 2011. The debt service ratio has been used to give some indication of the cost of meeting loan and interest repayments and is often expressed as a percentage of revenue from ordinary activities, excluding specific purpose grants and contributions. It represents 2% for the year ended 30 June 2012 compared to 2% for the year ended 30 June 2011 and 3% for the year ended 30 June 2010.

The debt service ratio has remained relatively consistent over the last three years, however the ratio would be expected to increase as additional loans are raised.

c) Rates and Annual Charges Coverage Ratio

This ratio is essentially a measure of the extent to which Council is dependent upon revenue from rates and annual charges as compared to its total revenue. For the year ended 30 June 2012, Council's rate and annual charges coverage ratio was approximately 37% compared to 33% in 2011. Accordingly Council's rates and annual charges revenue as a proportion of its total revenue increased slightly compared to the previous year.

d) Rates and Annual Charges Outstanding

The rates and annual charges outstanding percentage is used to assess the impact of uncollected rates and annual charges on liquidity and the adequacy of debt recovery efforts.

The percentage of rates and annual charges outstanding has decreased to 8.21% in 2012 compared to 9.77% in 2011 and 8.67% in 2010.

e) Building & Infrastructure Renewal Ratio

The building & infrastructure renewal is used to assess the rate at which assets are being renewed against the rate at which they are depreciating.

A ratio of less than one is prima facie indicative that Council's asset base is depreciating at a faster rate than which it is being renewed. However, care needs to be taken in interpreting this ratio.

The asset renewal ratio was 0.72 in the current year compared with 0.24:1 in 2011 and 1.2:1 in 2010. The increase (improvement) is mainly due to the impact of the decrease in depreciation following the revaluation of roads, bridges, footpaths and drainage assets in 2010. However notwithstanding the improvement in the ratio, it is still indicative of an infrastructure base being consumed at a rate greater than which it is being renewed.

Internally Restricted Assets

Council sets aside in the form of specific cash or investments amounts to cover future expenditure that is considered necessary for efficient long term operations. This cash is restricted for use only on the specific purposes designated. It does not include restrictions on unexpended grant income or section 94 contributions, as these are provided for separately in external restrictions. Internal restrictions relate to expenditure on such items as leave entitlements, asset replacement and property development and acquisition. At 30 June 2012, Council had internally restricted assets totalling \$3,865,000 compared to \$3,608,000 at 30 June 2011. However whilst prima facie the amount of internal restrictions has increased, Council should consider whether the level of cash and investments it has available for future projects and operations is appropriate compared to the desired level.

Statement of Cash Flows

Cash flows from operating activities

Net cash provided from operating activities amounted to \$7,284,000 in 2012 compared to \$7,967,000 for the previous year.

The decrease in cash flows from operating activities is mainly attributable to an increase in payments for other operating payments of \$1,117,000, along with a decrease in receipts from grants and contributions of \$1,052,000. This is partially offset by higher receipts from rates and annual charges of \$680,000 and user charges & fees of \$672,000. The factors impacting on the movements are outlined in the commentary on the Income Statement.

Cash flows from investing activities

Net cash used in investing activities amounted to \$10,902,000 for the year ended 30 June 2012, compared to \$4,695,000 for the previous year.

The movement is primarily attributable to the payments for infrastructure, property, plant and equipment of \$6,931,000 and purchase of investments of \$4,750,000.

Cash flows from financing activities

Net cash provided from financing activities amounted to \$1,706,000 for the year ended 30 June 2012 compared to \$818,000 in the previous year. The increase in cash flows from financing activities is primarily due to an increase in loans taken out during the year.

Management Letter

A management letter highlighting matters arising from our audit covering internal controls and other accounting matters will be prepared where it is considered necessary or appropriate and issued to the General Manager in due course. Should a letter be issued any matters raised are not of a nature that is significant in arriving at our audit opinion.

We thank the General Manager, Director of Corporate Services, Finance Manager and their staff for the co-operation and courtesy extended to us during the course of our visit to Council's office.



Farrow Wyatt



Wayne Russell
Partner

Maitland
5 November 2012

LIVERPOOL PLAINS SHIRE COUNCIL

Special Purpose Financial Reports

for the year ended 30th June 2012

TABLE OF CONTENTS

	<u>Page</u>
SPECIAL PURPOSE FINANCIAL REPORTS	
Council Certificate	P1
Statement of Financial Performance	
Water Supply Business Activity	P2
Sewerage Business Activity	P3
Statement of Financial Position	
Water Supply Business Activity	P5
Sewerage Business Activity	P6
Notes to, and forming part of, the Special Purpose Financial Statements	
Note 1 - Significant Accounting Policies	P8 - P11
Note 2 - Best Practice Management Disclosures - Water Supply	P12
Note 3 - Best Practice Management Disclosures -Sewerage	P13
Auditors Report	

LIVERPOOL PLAINS SHIRE COUNCIL

Special Purpose Financial Reports for the year ended 30th June 2012

Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

The attached Special Purpose Financial Reports have been prepared in accordance with:

- NSW Government Policy Statement "Application of National Competition Policy to Local Government."
- Department of Local Government Code of Accounting Practice and Financial Reporting.
- The Department of Energy, Utilities and Sustainability Best Practice Management of Water Supply and Sewerage Guidelines.

To the best of our knowledge and belief, these Reports:

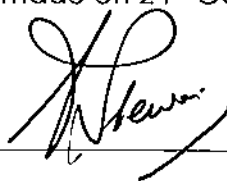
- present fairly the operating result and financial position for each of Council's declared business activities for the year; and
- accord with Council's accounting and other records.

We are not aware of any matter that would render the reports false or misleading in any way.

Signed in accordance with a resolution of Council made on 24th October 2012.



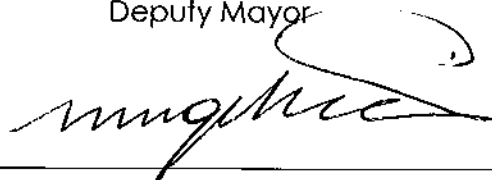
Ian R Lobsey OAM
Mayor



Colin W Stewart
Deputy Mayor



Robert C Hunt
General Manager



Michael J Urquhart
Responsible Accounting Officer

LIVERPOOL PLAINS SHIRE COUNCIL

INCOME STATEMENT
WATER SUPPLY BUSINESS ACTIVITY
for the year ended 30th June 2012

	Notes	2012 '000	2011 '000	2010 '000
INCOME FROM CONTINUING OPERATIONS				
Access Charges	A4	1,208	1,105	764
User Charges	A4	881	642	899
Fees	A4	-	2	6
Interest Received	A4	113	60	37
Grants & Contributions - Operating	A4	30	297	35
Gain on Disposal of Assets	A5	-		
Other Operating Revenues	A4			
TOTAL		2,232	2,106	1,741
EXPENSES FROM CONTINUING OPERATIONS				
Employee Costs	A3	728	649	571
Materials & Contracts	A3	569	596	402
Borrowing Costs	A3	7	8	24
Depreciation & Amortisation	A3	654	620	685
Water Purchase Charges		-		
Loss on Disposal of Assets	A5	-		
NCP Tax Equivalents	1			
Debt Guarantee Fee		-		5
Other Operating Expenses	A3	-		(5)
TOTAL		1,958	1,873	1,682
CONTINUING OPERATIONS RESULT BEFORE CAPITAL AMOUNTS		274	233	59
Grants & Contributions - Capital	A4	192	1,416	731
RESULT FROM CONTINUING OPERATIONS		466	1,649	790
Discontinued Operations				
SURPLUS (DEFICIT) BEFORE TAX		466	1,649	790
Corporate Taxation Equivalent	1	-	-	-
SURPLUS (DEFICIT) FOR YEAR		466	1,649	790
Add: Accumulated Surplus brought forward		14,114	12,465	11,555
Adjustments for amounts unpaid				
NCP Tax Equivalents retained	1			
Debt Guarantee Fee retained	1			
Corporate Tax Equivalent retained	1	-	-	18
Less: Dividends Paid	1			
ACCUMULATED SURPLUS		14,580	14,114	12,363
RATE OF RETURN ON CAPITAL	1	0.79%	0.87%	0.30%
NOTIONAL SUBSIDY FROM COUNCIL	1	N/A	N/A	1,300
<i>Calculation of Dividend Payable during next financial year</i>				
Surplus after tax		466	1,649	772
Less: Capital grants & contribs from LWUs		161	1,642	764
Surplus for dividend calculation purposes		305	7	8
Dividend calculated from surplus		153	4	4

This Statement is to be read in conjunction with the attached Notes.

LIVERPOOL PLAINS SHIRE COUNCIL

INCOME STATEMENT
SEWERAGE BUSINESS ACTIVITY
for the year ended 30th June 2012

	Notes	2012 '000	2011 '000	2010 '000
INCOME FROM CONTINUING OPERATIONS				
Access Charges	A4	897	752	704
User Charges	A4	-		
Liquid Trade Waste Charges	A4	-		
Fees	A4	-		
Interest Received	A4	144	107	74
Grants & Contributions - Operating	A4	24	27	26
Gain on Disposal of Assets	A5	-		
Other Operating Revenues	A4	-	1	3
TOTAL		1,065	887	807
EXPENSES FROM CONTINUING OPERATIONS				
Employee Costs	A3	290	198	286
Materials & Contracts	A3	226	182	202
Borrowing Costs	A3	-		
Depreciation & Amortisation	A3	440	423	341
Loss on Disposal of Assets	A5	-		
NCP Tax Equivalents	1	-		
Debt Guarantee Fee		-		
Other Operating Expenses	A3	-		
TOTAL		956	803	829
CONTINUING OPERATIONS RESULT BEFORE CAPITAL AMOUNTS		109	84	(22)
Grants & Contributions - Capital	A4	24	3	2
RESULT FROM CONTINUING OPERATIONS		133	87	(20)
Discontinued Operations				
SURPLUS (DEFICIT) BEFORE TAX		133	87	(20)
Corporate Taxation Equivalent	1	-	-	-
SURPLUS (DEFICIT) FOR YEAR		133	87	(20)
Add: Accumulated Profits brought forward		4,987	4,900	4,920
Adjustments for amounts unpaid				
NCP Tax Equivalents retained	1	-		
Debt Guarantee Fee retained		-		
Corporate Tax Equivalent retained		-		
Less: Dividends Paid	1			
ACCUMULATED SURPLUS		5,120	4,987	4,900
RATE OF RETURN ON CAPITAL	1	0.42%	0.80%	
NOTIONAL SUBSIDY FROM COUNCIL	1	N/A	N/A	
<i>Calculation of Dividend Payable during next financial year</i>				
Surplus after tax		133	87	-20
Less: Capital grants & contris from LWUs		24	27	28
Surplus for dividend calculation purposes		109	60	0
Dividend calculated from surplus		55	30	0

This Statement is to be read in conjunction with the attached Notes.

LIVERPOOL PLAINS SHIRE COUNCIL

BALANCE SHEET
WATER SUPPLY BUSINESS ACTIVITY
for the year ended 30th June 2012

	Notes	2012 '000	2011 '000
CURRENT ASSETS			
Cash & cash equivalents	A6	1,708	2,212
Investments	A6		
Receivables	A7	702	701
Inventories	A8		
Other	A8		20
Non-current assets held for sale			
TOTAL CURRENT ASSETS		2,410	2,933
NON-CURRENT ASSETS			
Investments	A6	2,500	
Receivables	A7		
Inventories	A8		
Infrastructure, Property, Plant & Equipment	A9	35,779	27,610
Investment Property			
Other	A8		20
TOTAL NON-CURRENT ASSETS		38,279	27,630
TOTAL ASSETS		40,689	30,563
CURRENT LIABILITIES			
Payables	A10		
Interest bearing liabilities	A10	63	83
Provisions	A10		
TOTAL CURRENT LIABILITIES		63	83
NON-CURRENT LIABILITIES			
Payables	A10		
Interest bearing liabilities	A10	1,949	12
Provisions	A10		
TOTAL NON CURRENT LIABILITIES		1,949	12
TOTAL LIABILITIES		2,012	95
NET ASSETS		\$ 38,677	30,468
EQUITY			
Accumulated Surplus		14,580	14,114
Asset Revaluation Reserve		24,097	16,354
TOTAL EQUITY		\$ 38,677	30,468

This Statement is to be read in conjunction with the attached Notes

LIVERPOOL PLAINS SHIRE COUNCIL

BALANCE SHEET
SEWERAGE BUSINESS ACTIVITY
for the year ended 30th June 2012

	Notes	2012 '000	2011 '000
CURRENT ASSETS			
Cash & cash equivalents	A6	1,195	2,787
Investments	A6		
Receivables	A7	161	154
Inventories	A8		
Other	A8		
Non-current assets held for sale			
TOTAL CURRENT ASSETS		1,356	2,941
NON-CURRENT ASSETS			
Investments	A6	2,000	
Receivables	A7		
Inventories	A8		
Infrastructure, Property, Plant & Equipment	A9	26,242	10,496
Investment Property			
Other	A8		
TOTAL NON-CURRENT ASSETS		28,242	10,496
TOTAL ASSETS		29,598	13,437
CURRENT LIABILITIES			
Payables	A10		
Interest bearing liabilities	A10		
Provisions	A10		
TOTAL CURRENT LIABILITIES			
NON-CURRENT LIABILITIES			
Payables	A10		
Interest bearing liabilities	A10		
Provisions	A10		
TOTAL NON CURRENT LIABILITIES			
TOTAL LIABILITIES			
NET ASSETS		\$ 29,598	13,437
EQUITY			
Accumulated Surplus		5,120	4,987
Asset Revaluation Reserve		24,478	8,450
TOTAL EQUITY		\$ 29,598	13,437

This Statement is to be read in conjunction with the attached Notes

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL REPORTS

NOTE 1 Table - NATIONAL COMPETITION POLICY NOTIONAL PAYMENTS
for the year ended 30th June 2012

BUSINESS ACTIVITIES			
WATER		SEWER	
2012	2011	2012	2011

Category

TAXATION EQUIVALENT PAYMENTS

Land Tax
Stamp Duty
Payroll Tax
Fringe Benefits Tax

Rate	Rate	Rate	Rate
2%	2%	2%	2%
Applies	Applies	Applies	Applies
Applies	Applies	Applies	Applies

COUNCIL RATES, CHARGES & FEES

See Note 1, Item 3.2

LOAN & DEBT GUARANTEE FEES

0.00%	0.00%	0.00%	0.00%
-------	-------	-------	-------

CORPORATE TAXATION EQUIVALENT

0%	0%	0%	0%
----	----	----	----

DIVIDENDS PAID

N/A	N/A	N/A	N/A
-----	-----	-----	-----

RATE OF RETURN ON CAPITAL

Required Rate of Return
Actual Rate of Return

0.00%	0.00%	0.00%	0.00%
0.79%	0.87%	0.42%	0.00%

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE STATEMENTS for the year ended 30th June 2012

Note 2 - BEST PRACTICE MANAGEMENT DISCLOSURES - WATER SUPPLY

Values shown in this Note are expressed in WHOLE DOLLARS

2012
\$

Calculation and Payment of Tax-Equivalents

(i)	Calculated Tax Equivalents	0
(ii)	No of assessments multiplied by \$3/assessment	8,472
(iii)	Amounts payable for Tax Equivalents	0
(iv)	Tax Equivalents paid	0

Dividend from Surplus

(i)	50% of Surplus before Dividends (Calculated in accordance with Best Practice Management for Water Supply and Sewerage guidelines.)	233
(ii)	No of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	84,720
(iii)	Cumulative Surplus before Dividends for 3 years to 30 June 2010, less cumulative dividends paid for 2 years to 30 June 2009	
(iv)	Maximum Dividend from Surplus (least of (i), (ii) and (iii))	233
(v)	Dividend paid from Surplus	

Required Outcomes for 6 Criteria

(i)	Completion of Strategic Business Plan (including Financial Plan)	Yes
(ii)	Pricing with full cost-recovery, without significant cross subsidies (Item 2(a) in Table 1 on page 22 of Best Practice guidelines)	Yes
	Complying charges (Item 2(b) in Table 1)	Yes
	DSP with Commercial Developer Charges (Item 2(e) in Table 1)	Yes
	If Dual Water Supplies, Complying Charges (Item 2(g) in Table 1)	Yes
(iii)	Sound Water Conservation & Demand Management Implemented	Yes
(iv)	Sound Drought Management implemented	Yes
(v)	Complete Performance Reporting Form (by 15 September each year)	No
(vi)	Complete Integrated Water Cycle Management Evaluation	No
(vii)	Complete and implement Integrated Water Cycle Management Strategy	No

National Water Initiative (NWI) Financial Performance Indicators

NWI F1 Total Revenue (Water)	\$'000	2,180
NWI F4 Residential Revenue from Usage Charges (Water)	%	42.17
NWI F9 Written Down Replacement Cost of Fixed Assets (Water)	\$'000	35,779
NWI F1' Operating Cost (OMA) (Water)	\$'000	1,297
NWI F14 Capital Expenditure (Water)	\$'000	1,026
NWI F17 Economic Real Rate of Return (Water)	%	0.64
NWI F2(Capital Works Grants (Water)	\$'000	131

LIVERPOOL PLAINS SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE STATEMENTS for the year ended 30th June 2012

Note 3 - BEST PRACTICE MANAGEMENT DISCLOSURES - SEWERAGE

Values shown in this Note are expressed in WHOLE DOLLARS

2012
\$

Calculation and Payment of Tax-Equivalents

(i)	Calculated Tax Equivalents	0
(ii)	No of assessments multiplied by \$3/assessment	6,330
(iii)	Amounts payable for Tax Equivalents (lesser of (i) and (ii))	0
(iv)	Tax Equivalents paid	0

Dividend from Surplus

(i)	50% of Surplus before Dividends (Calculated in accordance with Best Practice Management for Water Supply and Sewerage guidelines.)	66
(ii)	No of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	63,300
(iii)	Cumulative Surplus before Dividends for 3 years to 30 June 2010, less cumulative dividends paid for 2 years to 30 June 2009	
(iv)	Maximum Dividend from Surplus (least of (i), (ii) and (iii))	66
(v)	Dividend paid from Surplus	

Required Outcomes for 4 Criteria

(i)	Complete current Strategic Business Plan (including Financial Plan)	Yes
(ii)	Pricing with full cost-recovery, without significant cross subsidies (Item 2(a) in Table 1 on page 18 of Best practice guidelines)	Yes
	Complying charges (a) Residential (Item 2(c) in Table 1)	Yes
	(b) Non-Residential (Item 2(c) in Table 1)	Yes
	(c) Trade Waste (Item 2(d) in Table 1)	Yes
	DSP with Commercial Developer Charges (Item 2(e) in Table 1)	Yes
	Liquid Trade Waste Approvals & Policy (Item 2(f) in Table 1)	Yes
(iii)	Complete Performance Reporting Form (by 15 September each year)	No
(iv) a.	Complete Integrated Water Cycle Management Evaluation	No
(iv) b.	Complete and implement Integrated Water Cycle Management Strategy	No

National Water Initiative (NWI) Financial Performance Indicators

NWI F2 Total Revenue (Sewerage)	\$'000	945
NWI F1C Written Down Replacement Cost of Fixed Assets (Sewerage)	\$'000	26,242
NWI F12 Operating Cost (Sewerage)	\$'000	516
NWI F1E Capital Expenditure (Sewerage)	\$'000	157
NWI F1E Economic Real Rate of Return (Sewerage)	%	-0
NWI F27 Capital Works Grants (Sewer)	\$'000	0
NWI F3 Total Income (Water & Sewerage)	\$'000	3,125
NWI F5 Revenue from Community Service Obligations (Water & Sewerage)	%	2
NWI F1E Capital Expenditure (Water & Sewerage)	\$'000	1,183
NWI F1E Economic Real Rate of Return (Water & Sewerage)	%	0
NWI F2C Dividend (Water & Sewerage)	\$'000	0
NWI F21 Dividend Payout Ratio (Water & Sewerage)	%	0
NWI F22 Net Debt to Equity (Water & Sewerage)	%	-8
NWI F23 Interest Cover (Water & Sewerage)	times	>100
NWI F24 Net Profit after Tax (Water & Sewerage)	\$'000	468
NWI F2E Community Service Obligations (Water & Sewerage)	\$'000	54



FARROW WYATT
CHARTERED ACCOUNTANTS

Liverpool Plains Shire Council

Independent auditor's report - Report on the Special Purpose Financial Statements

Report on the financial statements

We have audited the accompanying financial statements, which comprises the Income Statements by Business Activity, Balance Sheet by Business Activity, Notes to the financial statements for the business activities identified by Council and the Statement by Councillors and Management for Council for the year ended 30 June 2012.

The responsibility of Councillor's for the financial statements

The councillors of the Council are responsible for the preparation and fair presentation of the financial statements and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial statements, are appropriate to meet the requirements of the Local Government Code of Accounting Practice and Financial Reporting. The responsibility of the Councillors of the council also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the Council or the Division of Local Government. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Councillors or management, as well as evaluating the overall presentation of the financial statements.

The financial statements have been prepared for distribution to Council for the purpose of fulfilling the financial statements reporting obligations of the Councillors under the Local Government Code of Accounting Practice and Financial Reporting. We disclaim any assumption of responsibility for any reliance on this audit report or on the financial statements to which it relates to any person other than the Council or Division of Local Government or for any purpose other than that for which they were prepared.

Our audit did not involve an analysis of the prudence of business decisions made by Councillors or management.

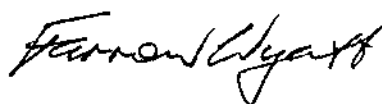
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's opinion

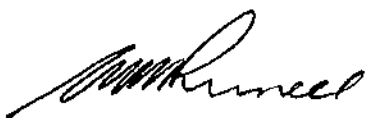
In our opinion, the financial statements of Liverpool Plains Shire Council present fairly, in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 to the financial statements, and the Local Government Code of Practice and Financial Reporting

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to the Accounting Policies in Note 1 which describes the basis of accounting. The financial statements are prepared to assist Liverpool Plains Shire Council to meet the requirements of the Division of Local Government, Department of Premier and Cabinet. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for Liverpool Plains Shire Council and the Division of Local Government, Department of Premier and Cabinet.



Farrow Wyatt Chartered Accountants



Wayne Russell

Partner

Maitland

5 November 2012

LIVERPOOL PLAINS SHIRE COUNCIL

Special Schedules

for the year ended 30th June 2012

TABLE OF CONTENTS

	<u>Page</u>
SPECIAL SCHEDULES (<i>not Audited</i>)	
Special Schedule 1 - Net Cost of Services	S1
Special Schedule 2(1) - Statement of Long Tern Debt (All Purpose)	S3
Special Schedule 2(2) - Statement of Internal Loans	S4
Special Schedule 3 - Water Supply Operations	S5
Special Schedule 4 - Water Supply - Net Assets Committed	S7
Special Schedule 5 - Sewerage Services Operations	S8
Special Schedule 6 - Sewerage Services - Net Assets Committed	S10
Special Schedule 7 - Condition of Public Works	S11
Special Schedule 8 - Financial Projections	S14

LIVERPOOL PLAINS SHIRE COUNCIL

SPECIAL SCHEDULE NO 1 NET COST OF SERVICES for the year ended 30th June 2012

\$'000

Function or Activity	Expenses from continuing operations	Income from continuing operations (non-capital)	Income from continuing operations (capital)	NET COST OF SERVICES
GOVERNANCE	531	0	0	531
ADMINISTRATION	1,862	278	0	1,584
PUBLIC ORDER & SAFETY				
Fire Service Levy, Fire Protection, Emergency Services	915	459	160	296
Enforcement of Local Govt Regulations	0	8	0	-8
Animal Control	124	10	0	114
Total Public Order & Safety	1,039	477	160	402
HEALTH	0	0	0	0
ENVIRONMENT				
Noxious Plants and Insect / Vermin Control	261	85	0	176
Other Environmental Protection	856	126	45	685
Solid Waste Management	1,179	1,180	0	-1
Street Cleaning	128	0	0	128
Stormwater Management	357	0	0	357
Total Environment	2,781	1,391	45	1,345
COMMUNITY SERVICES & EDUCATION				
Administration & Education	115	0	0	115
Aged Persons & Disabled	307	338	0	-31
Childrens Services	436	374	0	62
Total Community Services & Education	858	712	0	146
HOUSING & COMMUNITY AMENITIES				
Public Cemeteries	92	117	0	-25
Public Conveniences	134	0	0	134
Street Lighting	106	20	0	86
Town Planning	148	0	0	148
Other Community Amenities	40	20	0	20
Total Housing & Community Amenities	520	157	0	363
WATER SUPPLIES	1,959	2,424	0	-465
SEWERAGE SERVICES	956	1,089	0	-133

LIVERPOOL PLAINS SHIRE COUNCIL

SPECIAL SCHEDULE NO 1 - NET COST OF SERVICES (cont) for the year ended 30th June 2012

\$'000

Function or Activity	Expenses from continuing operations	Income from continuing operations (non-capital)	Income from continuing operations (capital)	NET COST OF SERVICES
RECREATION & CULTURE				
Public Libraries	403	57	0	346
Museums	33	5	28	0
Community Centres and Halls	233	0	0	233
Other Cultural Services	27	12	0	15
Sporting Grounds	507	93	24	390
Swimming Pools	268	43	0	225
Parks & Gardens, Lakes	372	0	0	372
Other Sport & Recreation	139	47	0	92
Total Recreation & Culture	1,982	257	52	1,673
FUEL & ENERGY	0	0	0	0
AGRICULTURE	0	0	0	0
MINING, MANUFACTURING & CONSTRUCTION				
Building Control	85	48	0	37
Other Mining Manufacturing & Construction	616	757	0	-141
Total Mining Manufacturing & Construction	701	805	0	-104
TRANSPORT & COMMUNICATION				
Urban Roads: Local	293	0	0	293
Sealed Rural Roads: Local	3,517	0	0	3,517
Sealed Rural Roads: Regional	1,287	1,203	944	-860
Unsealed Rural Roads: Local	3,517	1,318	2,424	-225
Bridges - Sealed Rural Roads: Local	7	0	0	7
Bridges - Unsealed Rural Roads: Local	541	0	0	541
Parking Areas	9	0	0	9
Footpaths	21	0	14	7
Aerodromes	114	89	0	25
Other Transport & Communication	961	787	79	95
Total Transport & Communication	10,267	3,397	3,461	3,409
ECONOMIC AFFAIRS				
Camping Areas & Caravan Parks	22	14	0	8
Other Economic Affairs	853	407	107	339
Total Economic Affairs	875	421	107	347
TOTALS - FUNCTIONS	24,331	11,408	3,825	9,098
General Purpose Revenues				8,412
Equity accounted income (loss)				0
				8,412
NET OPERATING RESULT FOR YEAR				-686

LIVERPOOL PLAINS SHIRE COUNCIL

SPECIAL SCHEDULE NO 2 (1) STATEMENT OF LONG TERM DEBT (ALL PURPOSE) for the year ended 30th June 2012

\$'000

Classification of Debt	Principal Outstanding at beginning of year		New Loans Raised	Debt Redemption		Tfrs to Sinking Funds	Interest applicable for year	Principal outstanding at end of year	
	Current	Non-Current		From Revenue	Sinking Funds			Current	Non-Current
LOANS (by source)									
Commonwealth Government	0	0	0	0	0	0	0	0	0
Treasury Corporation	0	0	0	0	0	0	0	0	0
Other State Government	0	0	0	0	0	0	0	0	0
Public Subscription	0	0	0	0	0	0	0	0	0
Financial Institutions	152	1487	2000	153	0	0	0	0	0
Other	110	54	164	109	0	0	113	214	3486
Total Loans	282	1561	2000	262	0	0	124	254	3541
OTHER LONG TERM DEBT									
Ratepayers' Advances	0	0	0	0	0	0	0	0	0
Government Advances	2	0	0	2	0	0	0	0	0
Finance Leases	0	0	0	0	0	0	0	0	0
Deferred Payment	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
Total Other Long Term Debt	2	0	0	2	0	0	0	0	0
TOTAL LONG TERM DEBT	284	1561	2000	264	0	0	124	254	3541

This Schedule excludes Internal Loans and refinancing of existing borrowings.

LIVERPOOL PLAINS SHIRE COUNCIL

SPECIAL SCHEDULE NO 2 (2) STATEMENT OF INTERNAL LOANS for the year ended 30th June 2012

\$'000

SUMMARY OF INTERNAL LOANS

Borrower (by purpose)	Amount Originally Raised	Total Repaid During Year Principal & Interest	Principal Outstanding at End of Year
General	200	22	20
Water	0	0	0
Sewerage	0	0	0
Domestic Waste Management	0	0	0
Gas	0	0	0
Other	0	0	0
Totals	200	22	20

The above summary of internal loans represents the total of Council's internal loans categorised according to the purpose of the borrower.
Details of individual internal loans are set out below.

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Maturity Date	Rate of Interest	Amount Originally Raised	Paid During Year - Princ and Interest	Principal Outstanding End of Year
General Fund - Community Services	Quirindi Water Fund		37802	10	41455	0	200	22	20
Totals							200	22	20

LIVERPOOL PLAINS SHIRE COUNCIL

SPECIAL SCHEDULE NO 3 WATER SUPPLY OPERATIONS (Gross including Internal Transactions) for the year ended 30th June 2012

A. EXPENSES & REVENUES	2012	2011
EXPENSES	\$'000	\$'000
1.a. Management - Administration	148	261
b. - Engineering & Supervision	375	393
2 Operations		
a. - Dams & Weirs - Operation Expenses	15	12
b. - Maintenance Expenses	44	41
c. - Mains - Operation Expenses	0	52
d. -Maintenance Expenses	207	163
e. - Reservoirs - Operation Expenses	0	0
f. - Maintenance Expenses	35	9
g. - Pumping Stations - Operation Expenses	3	3
h. - Energy Costs	100	79
i. - Maintenance Expenses	114	68
j. - Treatment - Operation Expenses	37	150
k. - Chemical Costs	26	13
l. - Maintenance Expenses	146	0
m. - Other - Operation Expenses	47	1
n. - Maintenance Expenses	0	0
o. - Purchase of Water	0	0
3.a. Depreciation - System Assets	524	497
b. - Plant & Equipment	130	123
4.a. Miscellaneous - Interest	7	8
b. - Revaluation decrements	0	0
c. - Other	0	0
c. - NCP Tax & Other Equivalents	0	0
5 Total Expenses	1958	1873
REVENUE		
6 Residential Charges		
a. - Access (including rates)	1208	1105
b. - User Charges	881	642
7 Non-Residential Charges		
a. - Access (including rates)	0	0
b. - User Charges	0	0
8 Extra Charges	0	0
9 Interest	113	60
10 Other Income	0	2
11.a. Grants - Acquisition of Assets	131	1345
b. - Pensioner Rebates	30	34
c. - Other	0	263
12.a. Contributions - Developer Charges	61	71
b. - Developer Provided Assets	0	0
c. - Other Contributions	0	0
13 Total Revenues	2424	3522
14 Gain (Loss) on Disposal of Assets	0	0
15 OPERATING RESULT	466	1649
15a. Operating Result before Grants for Acquisition of Assets	335	304

LIVERPOOL PLAINS SHIRE COUNCIL

SPECIAL SCHEDULE NO 3 - WATER SUPPLY OPERATIONS (cont)

	2012 \$'000	2011 \$'000
B. CAPITAL TRANSACTIONS		
<u>Non - Operating Expenditure</u>		
16 Acquisition of Fixed Assets		
a. - New assets for improved standards	77	463
b. - New assets for growth	4	5
c. - Renewals	933	21
d. - Plant & Equipment	12	77
17 Repayment of Debt		
a. - Loans	83	98
b. - Advances	0	0
c. - Finance Leases	0	0
18 Transfers to Sinking Funds	0	0
19 Total Non-Operating Expenditure	<u>1109</u>	<u>664</u>
<u>Non-Operating Funds Employed</u>		
20 Proceeds from Disposal of Assets	0	0
21 Borrowings Utilised		
a. - Loans	2000	0
b. - Advances	0	0
c. - Finance Leases	0	0
22 Transfers from Sinking Funds	0	0
23 Total Non-Operating Funds Employed	<u>2000</u>	<u>0</u>
C. RATES & CHARGES		
24 Number of Assessments		
a. - Residential (occupied)	2660	
b. - Residential (unoccupied - vacant land)	57	
c. - Non-Residential (occupied)	86	
d. - Non -Residential (unoccupied - vacant land)	21	
25 Number of ETs for which Developer Charges were	0 ET	
26 Total Amount of Pensioner Rebates	54 \$'000	
D. BEST PRACTICE ANNUAL CHARGES & DEVELOPER CHARGES		
27 Annual Charges		
a Does Council have best-practice water supply annual charges and usage charges? <input checked="" type="checkbox"/> yes		
If Yes, go to 28a.		
If No, has Council removed <u>land value</u> from access charges (i.e. rates) <input checked="" type="checkbox"/> yes		
b Cross subsidy <u>from</u> residential customers using less than allowance		0
c Cross subsidy <u>to</u> non-residential customers		0
d Cross subsidy <u>to</u> large connections in unmetered supplies		0
28 Developer Charges		
a Has Council completed a water supply Development Servicing Plan? <input checked="" type="checkbox"/> yes		
b Total cross-subsidy in water supply developer charges		0
29 TOTAL OF CROSS SUBSIDIES		<u>0</u>

Councils which have not yet implemented best practice water supply pricing should disclose cross subsidies in items 27b, 27c and 27d above. However, disclosure of cross-subsidies is NOT required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.

LIVERPOOL PLAINS SHIRE COUNCIL

SPECIAL SCHEDULE NO 4 WATER SUPPLY - NET ASSETS COMMITTED (Gross including Internal Transactions) for the year ended 30th June 2012

	<u>Current</u> \$'000	<u>Non-Current</u> \$'000	<u>Total</u> \$'000
<u>ASSETS</u>			
30 Cash and Investments			
a. - Developer Charges	0	0	0
b. - Specific Purpose Grants	0	0	0
c. - Accrued Leave	0	0	0
d. - Unexpended Loans	0	0	0
e. - Sinking Funds	0	0	0
f. - Other	1708	2500	4208
31 Receivables			
a. - Specific Purpose Grants	0	0	0
b. - Rates & Availability Charges	129	0	129
c. - Other	573	0	573
32 Inventories	0	0	0
33 Property, Plant & Equipment			
a. - System Assets		35779	35779
b. - Plant & Equipment		0	0
34 Other	0	0	0
35 Total Assets	<u>2410</u>	<u>38279</u>	<u>40689</u>
<u>LIABILITIES</u>			
36 Bank Overdraft	0		0
37 Creditors	0	0	0
38 Borrowings			
a. - Loans	63	1949	2012
b. - Advances	0	0	0
c. - Finance Leases	0	0	0
39 Provisions			
- Tax Equivalent	0		0
a. - Dividend	0		0
b. - Other	0	0	0
40 Total Liabilities	<u>63</u>	<u>1949</u>	<u>2012</u>
41 NET ASSETS COMMITTED	<u>2347</u>	<u>36330</u>	<u>38677</u>
<u>EQUITY</u>			
42 Accumulated Surplus			14580
43 Asset Revaluation Reserve			24097
44 Total Equity			<u>38677</u>
45 Current Replacement Cost of System Assets			48833
46 Accumulated Current Cost Depreciation of System Assets			13054
47 Written Down Current Cost of System Assets			<u>35779</u>

LIVERPOOL PLAINS SHIRE COUNCIL

SPECIAL SCHEDULE NO 5 SEWERAGE SERVICE OPERATIONS (Gross including Internal Transactions) for the year ended 30th June 2012

A. EXPENSES & REVENUES	2012	2011
EXPENSES	\$'000	\$'000
1.a. Management - Administration	131	120
b. - Engineering & Supervision	31	23
2 Operations & Maintenance Expenses		
a. -Mains - Operation Expenses	0	3
b. -Maintenance Expenses	37	8
c. - Pumping Stations - Operation Expenses	1	1
d. - Energy Costs	9	7
e. - Maintenance Expenses	50	41
f. - Treatment - Operation Expenses	6	6
g. - Chemical Costs	0	0
h. - Energy Costs	21	18
i. - Effluent Management	0	0
j. - Biosolids Management	0	0
k. - Maintenance Expenses	192	130
l. - Other - Operation Expenses	38	23
m. - Maintenance Expenses	0	0
3.a. Depreciation - System Assets	347	336
b. - Plant & Equipment	93	87
4.a. Miscellaneous - Interest	0	0
b. - Revaluation decrements	0	0
c. - Other	0	0
c. - NCP Tax & Other Equivalents	0	0
5 Total Expenses	956	803
REVENUE		
6 Residential Charges (including rates)	746	695
7 Non-Residential Charges		
a Access (including rates)	151	57
b User Charges	0	0
8 Trade Waste Charges		
a Annual Fees	0	0
b User Charges	0	0
c. Excess Mass Charges	0	0
Re-inspection charges	0	0
9 Extra Charges	0	0
10 Interest	144	107
11 Other Income	0	1
12.a. Grants - Acquisition of Assets	0	0
b. - Pensioner Rebates	24	27
c. - Other	0	0
13.a Contributions - Developer Charges	24	3
b. - Developer Provided Assets	0	0
c. - Other Contributions	0	0
14 Total Revenues	1089	890
15 Gain (Loss) on Disposal of Assets	0	0
16 OPERATING RESULT	133	87
16.a. Operating Result before Grants for Acquisition of Assets	133	87

LIVERPOOL PLAINS SHIRE COUNCIL

SPECIAL SCHEDULE NO 5 - SEWERAGE SERVICE OPERATIONS (cont)

B. CAPITAL TRANSACTIONS	2012 \$'000	2011 \$'000
<u>Non - Operating Expenditure</u>		
17 Acquisition of Fixed Assets		
a. - New assets for improved standards	0	0
b. - New assets for growth	0	2
c. - Renewals	157	25
d. - Plant & Equipment	0	21
18 Repayment of Debt		
a. - Loans	0	0
b. - Advances	0	0
c. - Finance Leases	0	0
19 Transfers to Sinking Funds	0	0
20 Total Non-Operating Expenditure	157	48
<u>Non-Operating Funds Employed</u>		
21 Proceeds of Disposal of Assets	0	0
22 Borrowings Utilised		
a. - Loans	0	0
b. - Advances	0	0
c. - Finance Leases	0	0
23 Transfers from Sinking Funds	0	0
24 Total Non-Operating Funds Employed	0	0
<u>C. RATES AND CHARGES</u>		
25 Number of Assessments		
a. - Residential (occupied)	1899	
b. - Residential (unoccupied - vacant land)	13	
c. - Non-Residential (occupied)	196	
d. - Non-Residential (unoccupied - vacant land)	2	
26 Number of ETs for which Developer Charges were	0 ET	
27 Total Amount of Pensioner Rebates	43 \$'000	
<u>D. BEST PRACTICE ANNUAL CHARGES & DEVELOPER CHARGES</u>		
28 Annual Charges		
Does Council have best-practice sewerage annual charges, usage	<input checked="" type="checkbox"/> Yes	
a charges and trade waste fees and charges?		
If Yes, go to 29a.		
If No, has Council removed <u>land value</u> from access charges (i.e. rates)	<input type="checkbox"/>	
b Cross subsidy <u>to</u> non-residential customers		0
c Cross subsidy <u>to</u> trade waste dischargers		0
29 Developer Charges		
a Has Council completed a sewerage Development Servicing Plan?	<input checked="" type="checkbox"/> Yes	
b Total cross-subsidy in sewerage developer charges		0
30 TOTAL OF CROSS SUBSIDIES		0

Councils which have not yet implemented best practice sewerage pricing and trade waste pricing should disclose cross subsidies in items 28b and 28c above. However, disclosure of cross-subsidies is not required where a Council has implemented best practice sewerage and liquid trade waste pricing and is phasing in such pricing over a period of 3 years.

LIVERPOOL PLAINS SHIRE COUNCIL

SPECIAL SCHEDULE NO 6 SEWERAGE SERVICES - NET ASSETS COMMITTED (Gross including Internal Transactions) for the year ended 30th June 2012

	Current \$'000	Non-Current \$'000	Total \$'000
ASSETS			
31 Cash and Investments			
a. - Developer Charges	0	0	0
b. - Specific Purpose Grants	0	0	0
c. - Accrued Leave	0	0	0
d. - Unexpended Loans	0	0	0
e. - Sinking Funds	0	0	0
f. - Other	1195	2000	3195
32 Receivables			
a. - Specific Purpose Grants	0	0	0
b. - Rates & Availability Charges	98	0	98
c. - Other	63	0	63
33 Inventories	0	0	0
34 Property, Plant & Equipment			
a. - System Assets		26242	26242
b. - Plant & Equipment		0	0
35 Other	0	0	0
36 Total Assets	<u>1356</u>	<u>28242</u>	<u>29598</u>
LIABILITIES			
37 Bank Overdraft	0		0
38 Creditors	0	0	0
39 Borrowings			
a. - Loans	0	0	0
b. - Advances	0	0	0
c. - Finance Leases	0	0	0
40 Provisions			
- Tax Equivalents	0		0
a. - Dividend	0		0
b. - Other	0	0	0
41 Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
42 NET ASSETS COMMITTED	<u>1356</u>	<u>28242</u>	<u>29598</u>
EQUITY			
43 Accumulated Surplus			5120
44 Asset Revaluation Reserve			24478
45 Total Equity			<u>29598</u>
46 Current Replacement Cost of System Assets			27820
47 Accumulated Current Cost Depreciation of System Assets			1578
48 Written Down Current Cost of System Assets			<u>26242</u>

LIVERPOOL PLAINS SHIRE COUNCIL

SPECIAL SCHEDULE NO 7 - CONDITION OF PUBLIC WORKS (cont) as at 30th June 2012

Asset Class	Asset Category	Depreciation Rate (%)	Depreciation Expense '000	Cost '000	Valuation '000	Accumulated Depreciation '000	Carrying Value '000	Asset Condition (see Notes attached)	Estimated Cost to bring to a Satisfactory Standard '000	Estimated Annual Maintenance Expense '000	Program Maintenance Works for current year '000
Water	References	Note 9	Note 4		Note 9				Local Govt. Act 1993, Section 428 (2d)		
	Treatment Plants		632		47,279	12,859	34,420	2			54
	Water Connections							2			55
	Bores							3			30
	Reservoirs							2	15		11
	Dams							3	2,300		40
Sewerage	Pipelines							4	160		136
	Pump Stations							2			46
	Subtotal		632	-	47,279	12,859	34,420		2,475		372
	Pump Stations		226		27,521	1,578	25,943	2			30
	Pipelines							3	190		12
	Manholes										130
Drainage Works	Treatment Works							2			
	Subtotal		226	-	27,521	1,578	25,943		190		172
	Retarding Basins										
	Outfalls										
	Conduits		15	2,289		15	2,274	4	36		50
	Inlet & Junction Pits		164		13,140	2,228	10,912	3	54		17
Subtotal			179	2,289	13,140	2,243	13,186		90		67
Total Classes - All Assets			6,767	12,522	614,859	119,443	507,938		7,672	5,251	4,804

This Schedule is to be read in conjunction with the explanatory notes following.

LIVERPOOL PLAINS SHIRE COUNCIL

SPECIAL SCHEDULE NO 7 CONDITION OF PUBLIC WORKS as at 30th June 2012

Asset Class	Asset Category	Depreciation Rate (%)	Depreciation Expense '000	Cost '000	Valuation '000	Accumulated Depreciation '000	Carrying Value '000	Asset Condition (see Notes attached)	Estimated Cost to bring to a Satisfactory Standard '000	Estimated Annual Maintenance Expense '000	Program Maintenance Works for current year '000
Public Buildings	References	Note 9	Note 4		Note 9				Local Govt. Act 1993, Section 428 (2d)		
	Council Offices		29	131	2,263	452	1,942	2	30	15	15
	Works Depot		54	839	3,518	810	3,547	2	45	10	12
	Halls		150	881	10,440	2,255	9,066	2	50	23	10
	Houses		38	224	2,453	466	2,211	2	15	13	17
	Library		23	458	1,406	338	1,526	2	-	6	9
	Childcare Centres		6	-	487	36	451	2	-	5	5
	Health Cents/Shops		19	481	1,041	330	1,192	2	-	5	4
	Amenities/Toilets		105	1,366	7,006	1,885	6,487	2	50	4	11
	Showground		24	28	1,854	431	1,451	3	30	3	6
	Subtotal		448	4,408	30,468	7,003	27,873		220	84	89
	Public Roads		3,083	4,256	192,599	37,928	158,927	4	2,600	1,783	2,002
	Unsealed Roads		1,638	712	162,446	40,470	122,688	3	320	43	51
Public Roads	Sealed Roads			85	66,630		66,715	3	1,700	2,736	1,955
	Structure										
	Bridges		501	335	70,116	16,593	53,858	2	22	24	24
	Footpaths/Cycleways		13	354	1,616	260	1,710	3	55	59	72
	Kerb & Gutter		47	83	3,044	509	2,618				
	Subtotal		5,282	5,825	496,451	95,760	406,516		4,697	4,645	4,104

This Schedule is to be read in conjunction with the explanatory notes following.

LIVERPOOL PLAINS SHIRE COUNCIL

SPECIAL SCHEDULE NO 7 - CONDITION OF PUBLIC WORKS (cont) as at 30th June 2012

"SATISFACTORY" CONDITION OF PUBLIC ASSETS

In assessing the condition of Public Assets Council has had regard to the condition, function and location of each asset, based on the original design standard. Changes in standards or proposed or potential enhancements to the existing asset design standard have been ignored. Assets within each Asset Category have been assessed on an overall basis, recognising that an average standard of "satisfactory" may be achieved even though certain assets may be above or below that standard on an individual basis.

Council recognises that the standard that it considers to be "satisfactory" may be different from that adopted by other Councils.

The information contained in this Schedule comprises accounting estimates formulated in accordance with the NSW Local Government Code of Accounting Practice and Financial Reporting. Nothing contained within this Schedule may be taken to be an admission of any liability to any person under any circumstance.

ASSET CONDITION

The following condition codes have been used in this Schedule.

- | | |
|----------|---|
| 1 | Newly constructed |
| 2 | Over 5 years old but fully maintained in "as new" condition |
| 3 | Good condition |
| 4 | Average condition |
| 5 | Partly worn - beyond 50% of economic life. |
| 6 | Worn but serviceable |
| 7 | Poor - replacement required |

LIVERPOOL PLAINS SHIRE COUNCIL

SPECIAL SCHEDULE NO 8 - FINANCIAL PROJECTIONS as at 30th June 2012

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
Recurrent Budget											
Income from continuing operations	24	23	23	24	24	26	26	26	27	28	29
Expenses from continuing operations	24	24	24	24	25	26	26	27	28	29	29
Operating result from continuing operations	0	-1	-1	0	-1	0	0	-1	-1	-1	0
Capital Budget											
New Works	2	3	2	1	1	2	3	1	1	1	1
Replacement of existing assets	13	6	7	10	8	10	8	9	8	8	8
	15	9	9	11	9	12	11	10	9	9	9
Funded by											
- Loans	2	1	1	2	1	3	2	1	1	1	0
- Asset Sales	1	1	1	1	1	1	1	1	1	2	2
- Reserves	4	3	3	1	1	1	1	1	1	1	2
- Grants/Contributions	6	3	3	4	3	4	2	1	2	2	2
- Recurrent revenue	2	1	1	3	3	3	5	6	4	2	2
- Other	0	0	0	0	0	0	0	0	0	0	0
	15	9	9	11	9	12	11	10	9	8	8